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Compliments of 15
RECIPROCITY WITH CUBA. 227
J. A. Dawney

HEARINGS

BEFORE

COMMITTEE ON WAYS AND MEANS,

FIFTY-SEVENTH CONGRESS, FIRST SESSION.

JANUARY 15, 16, 21, 22, 23, 24, 25, 28, 29, 1902.

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347

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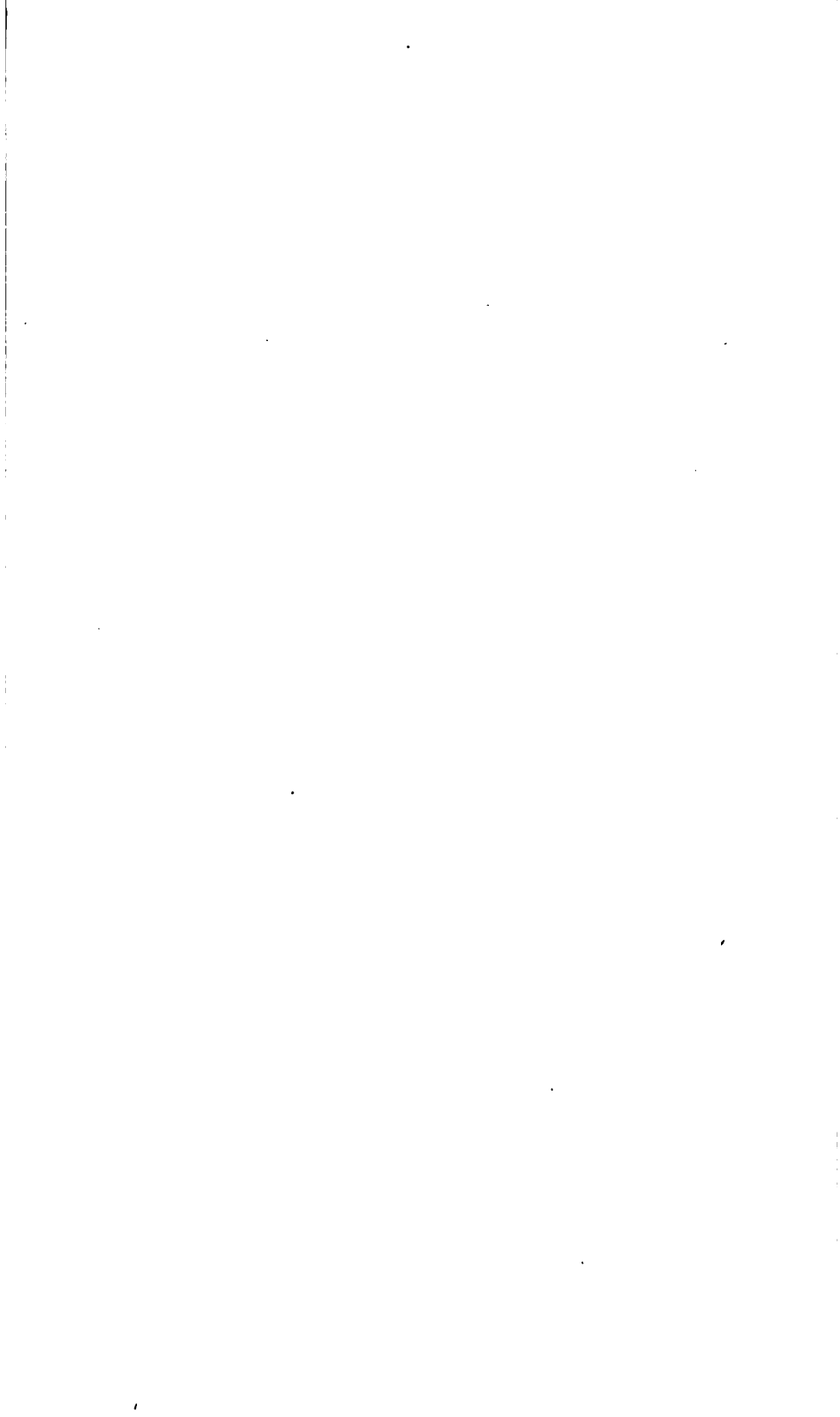
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RECIPROCITY WITH CUBA.

OBJECT OF HEARINGS.

COMMITTEE ON WAYS AND MEANS,
Wednesday, January 15, 1902.

The Committee on Ways and Means this day met at 10 o'clock a. m., Hon. Sereno E. Payne in the chair.

The CHAIRMAN. Gentlemen, this meeting was called for hearings in reference to that portion of the President's message referred to this committee where he recommended reciprocity with Cuba, and I have arranged the hearings, as far as possible, so as to hear gentlemen in favor of such a measure first. Of course, the committee desire to be informed as to the effect of such reciprocity in Cuba, and also as to the further question as to the effect of the reduction of duties in lieu of reciprocity upon the people of our own country. Now, I understand there is a delegation here from Habana. I do not know whether they desire to be heard first or not.

STATEMENT OF MR. EDWIN F. ATKINS, OF BOSTON,

Merchant, sugar planter, and chairman of Associated American Interests of Cuba.
(Favors reciprocity.)

The CHAIRMAN. Will you state, so the committee can hear, your name and residence?

Mr. ATKINS. I will do so, and I would like to explain to the committee I am a little deaf, and with your permission I would like to have my secretary beside me, so as to prompt me in regard to any question I may misunderstand.

The CHAIRMAN. Will you state your name, residence, and business?

Mr. ATKINS. My name is Edwin F. Atkins, of Boston, Mass.

The CHAIRMAN. And business, please?

Mr. ATKINS. Merchant. Shall I proceed?

The CHAIRMAN. Yes.

Mr. ATKINS. Gentlemen, I am here this morning to speak in behalf of Cuban interests. I appear as chairman of the Associated American Interests of Cuba, which association has been indorsed in their action by almost all the sugar planters of Cuba. They represent practically nearly 90 per cent of the total production of the island. Our committee has been carefully investigating the sugar part of the Cuban question. Now, the present condition of the sugar markets of the world is reflected upon Cuba, and that came about by overproduction—overproduction which has been brought about by unwise legislation in European countries granting a bounty upon the export of their sugars, coupled with a high tariff in the United States, which has stimulated the production of domestic sugars here. These conditions have brought about a most serious overproduction of sugar throughout the world.

The production of the present year, or rather the estimated production, exceeds the requirements by at least 1,500,000 tons. I believe

my estimate is a conservative one, that the excess will be more than 1,500,000 tons. Under these conditions a crisis is at last reached. Part of this loss is met in Europe by the various governments in the bounties which they pay upon exports. Germany, as you know, is paying a bounty which, reduced to our money, is a little over a quarter of a cent a pound. The syndicate in existence in Germany, made up of sugar manufacturers or producers and the sugar refineries, pay a drawback upon the exports of sugar amounting to another quarter of a cent a pound, thus enabling the German exporters to sell their sugar without loss at a price equal, we will say, to a half a cent a pound below the cost of production.

These sugars are going to England, and, with the present market, granulated sugar from Germany can be delivered in London at about $1\frac{1}{2}$ cents a pound. To this must be added the war-revenue tax of the English Government of a cent a pound; so the selling price of German granulated sugar in London to-day is below 3 cents a pound—about $2\frac{1}{2}$ cents. The present New York prices are nominally $3\frac{1}{4}$ cents for duty-paid centrifugal sugar to-day. Actually the selling price would be about an eighth of a cent below this. Deducting the duty from the $3\frac{1}{4}$ cents would leave 1.81 cents for these sugars in bond. Again, deducting the freight and shipping charges—freight amounting to 10 cents and shipping charges to 25 cents—from this price of $3\frac{1}{4}$ cents in New York would leave 1.46 cents in United States currency to the Cuban planter. These figures, please bear in mind, are based upon the nominal quotation in New York to-day, at which sugars could not be sold.

Now, against this value of 1.46 the duty here is 1.685. The ratio of the value in Cuba as compared with the duty under our Dingley Act is now upward of 115 per cent. The price in Cuba on these nominal quotations is about five-eighths of a cent below the average cost of production. If we take $3\frac{3}{8}$ cents a pound in New York, which is the actual market, instead of the nominal market, we must add another cent to the loss, making three-quarters of a cent a pound which the average Cuban planter would lose moving under the present market condition. Now, I spoke of the average cost of production in Cuba. In Cuba, as everywhere else in the world, there are certain manufacturers who can turn out their goods cheaper than others. This condition holds good not only in Cuba, but in Germany and Java and every other sugar-producing country; but I am quite sure, from the most careful investigation I have been able to make over a period of many years past, that I am quite safe in stating to you the average cost of the production in Cuba is not less than $2\frac{1}{4}$ cents a pound when reduced to United States currency, sugar delivered in store.

The CHAIRMAN. That is the cost in Cuba—

Mr. ATKINS. That is the cost in Cuba to the planter after he delivers his sugars in store at the shipping point where they are marketable.

Mr. ROBERTSON. How much did you say that was?

Mr. ATKINSON. 2.06 cents, or $2\frac{1}{4}$ cents. Now, estimating the crop of Cuba to-day at 850,000 tons—the various estimates are from 800,000 to 900,000 tons—there were in Cuba at the commencement of this crop, some two weeks ago, fields of standing cane which, to the farmer to raise or to the planter to raise, would cost, including the cost of harvesting, some \$20,000,000.

Mr. TAWNEY. Can you state what is the average cost of producing sugar in Cuba?

Mr. ATKINS. That is the figure I have just given. I stated that

cost is 2.06 cents in United States currency, delivered at the port of shipment. That is, where the planter in Cuba sells his sugar and turns it into cash, the manufacturer paying the freight to that point. I was saying that in Cuba at the commencement of this crop there was not less than \$20,000,000 worth of standing cane, taking that cane at the cost of production plus the cost of harvesting, delivered to the factory. Now, this cane is in the hands of very many people. It is not controlled by a very few wealthy manufacturers, as has been often stated. It is raised by small planters to a great extent. Some few estates raise a large part of their own cane, but generally the cane is raised by small planters.

If you will refer to the census of Cuba taken by our War Department for the year 1899, you will find that there was reported in that census some 15,521 sugar plantations, averaging 27 acres in extent. Of the above, some 5,000 are owned and some 8,000 rented. Now, the present market price in Cuba will not, in my opinion, allow the harvesting of all that cane. There is a very large proportion of it that can not be delivered at the present prices. The manufacturer who buys the cane, when he comes to his monthly settlement, the first week in February, will find that the sugar produced is not sufficient for him to pay the cost and pay the planter for the cane. The planter in return, not receiving any cash for his cane, will have nothing to pay the laborers, and this later on is sure to lead to disturbances.

I do not wish to be an alarmist; I do not wish to say to what extent these disturbances will go. But a people without employment, where the masses are uneducated, as they are in Cuba, always lay their first loss to the government, no matter how good that government may be. The country which can not sell can not buy. The revenues of the island amounted last year to \$17,000,000. That revenue is badly needed not only to pay the expenses of the government, but to pay for the educational work, sanitary work, work of public improvements, roads, etc., as has been mapped out by the United States Government. I think it is plain, gentlemen, that these revenues will now, after the 1st of January, show a rapid falling off with decreased importations, with a result evident that by the time which has been set for the withdrawal of our troops from Cuba you will find a deficit in the revenues of the island and find we must leave the island in a condition where they can not possibly meet the expenses from their current collections.

We plead for concessions to Cuba. We have petitioned that the duties be removed upon sugars coming into the United States, feeling that it is not more than just treatment to that island. Our associates here ask for 50 per cent reduction in other products, such as tobacco, wood, fruit, iron ores from Santiago Province, and other productions of the island. I am speaking myself especially in regard to the sugar interest; others will cover the other products. Our opposition here comes from several sources. In the first place, there are the domestic beet-sugar producers of the country; in the second place, the producers of sugars in the Sandwich Islands, now domestic sugar; then the producers of sugar in Porto Rico, now a part of the United States, and the producers of sugar in Louisiana. In the aggregate, this production has been estimated at 900,000 tons. The current year it will fall a little short of that, perhaps 30,000 or 40,000 tons below that estimate.

Mr. METCALF. What do you estimate the production this year for those places?

our factories located in California and Nebraska, show that \$2.50 per ton covers the actual expenses of manufacturing sugar. In the new factory, which is three times as large as the Chino factory, we expect to reduce the cost below \$2, but for the sake of conservatism we will place the figures at \$3.

The following are the figures given: "Beets per ton \$4, expenses of working \$3, making \$7, and value of sugar at 4 cents per pound \$10, making a net profit per ton on beets of \$3." Now, I refer you to the publication *The Sugar Beet*, published in Philadelphia, February, 1901, which gives the official returns from Germany, showing the average cost of working a 50,000-ton plant, which they place at \$2.26 per ton; of a 100,000-ton plant of \$1.81 per ton; of a 150,000-ton plant, which they put at \$1.65 per ton. Mr. Oxnard's figures of yield are as follows: Chino, 256 pounds; Norfolk, 250 pounds; Hueneme, 270 pounds. This would give an average yield in sugar of 258 pounds per ton of beets, costing, as above, \$7.39, or less than 2½ cents per pound for granulated sugar; and, considering the above, I believe that my statement of 3 cents per pound for cost in well-operated factories is a conservative one. That is the cost of granulated sugar at the factory. I estimate the average cost of production of raw centrifugal sugars in Cuba, 96 test, to be 2.06 cents per pound at port of shipment. To this must be added for packages, shipping expenses, etc., 25 cents, and freight to New York, 10 cents, making 35 cents, making a price of 2.41 as necessary to cover cost of delivery of those sugars in New York.

The present value of sugars, owing to enormous stocks arising from overproduction, is far below cost of production. Under normal conditions throughout the world it is fair to suppose that the New York price of centrifugal sugars would range at about 2½ cents per pound. I state that supposition from the fact that 2½ cents per pound is below the average paid for two or three years past, and but slightly above the cost of production of sugar in the various countries, exclusive of bounties, of course. Eliminating the question of duty and figuring the ordinary margin of 1 cent per pound between raw and refined sugars, granulated sugar would then sell in New York at 3½ cents per pound and at points upon the Missouri River at 4 cents per pound. Again quoting from Mr. Oxnard, he says:

Taking the lowest year, say, 1891, it was found that sugar sold at an average price during that year of 4 cents per pound. This was under free trade, admitting all sugars of the world to our markets duty free: therefore if the lowest price, 4 cents, be taken as an average it will give a guide to go by in the event that we ever again return to absolute free trade.

Mr. ROBERTSON. Was there not a bounty paid to the American producers of sugar in 1891?

Mr. ATKINS. Yes; to American producers; but I am giving you the figures of free sugars, exclusive of duties and exclusive of bounties. Again, quoting from Mr. Oxnard, he says: "The sugar industry after all is merely an agricultural one. We can sell under Europe in the production of all other crops, and sugar is no exception." Now, my point, gentlemen, is that granulated sugar in the United States is being turned out by very many of our beet factories—a very large proportion of our beet factories—at a price not exceeding 3 cents per pound, and that under normal conditions sugar produced in Cuba and sent to New York and refined there and sent to Western points, where it would compete with beet sugars, could not be laid down and leave any profit to either the producer or the refiner, under normal conditions of the market, at less than 4 cents per pound, which would

give an ample manufacturing profit to beet-sugar producers in the West, where they confine themselves to supplying the local demand, and I think under their sugar conditions the factories in Colorado, for instance, would supply the local trade.

Mr. SWANSON. As I understand, this is based on a cent a pound for refining?

Mr. ATKINS. Yes; a cent a pound, which would give a profit to the refiner. I think that the Colorado conditions, under absolute free trade in sugar, would hold the market in the territory west of Nebraska to the Rocky Mountains against the refined sugars sent from New York, and therefore the domestic beet-sugar producers of the United States do not require protection.

Mr. RICHARDSON. Does not Mr. Oxnard say that himself?

Mr. ATKINS. Mr. Oxnard states that himself, and I agree with Mr. Oxnard's statement. I think Mr. Oxnard's figures are accurate, of course. I have no doubt he has been conservative in his figures. The stock of his concern was sold upon figures he made, and I do not for a minute think Mr. Oxnard meant to misstate anything. Some of his stock he sold in Boston to Boston men on their faith that Mr. Oxnard's statements were correct and accurate, as I believe them to be. I know that there are many factories—I do not speak of Mr. Oxnard's factories, because I do not pretend to say just what the cost of his sugar is—but I know there are many factories—this information I get from the stockholders—who were turning out sugars at 3 cents or a fraction below 3 cents a pound. These factories are some in California, some in Utah, some in Michigan, and in Colorado.

Mr. METCALF. How many factories are there in Colorado at the present time?

Mr. ATKINS. I am not prepared to state, but they expect to make a very ample crop in Colorado.

Mr. METCALF. Have they ever declared a dividend in any of those factories in Colorado?

Mr. ATKINS. I think so, but—

Mr. METCALF (interrupting). Do you know how many tons of sugar beets are required to produce a ton of sugar—what the proportion of saccharine matter is?

Mr. ATKINS. I do not. From a gentleman who resides in Colorado and who has every confidence in the beet-sugar industry of Colorado I understand the sugar beets of that State exceed in sugar content those of other States. That was his claim. He says that no protection is required for sugar produced in Colorado.

Mr. METCALF. Have you any objection to giving the name of that gentleman?

Mr. ATKINS. I did not get that direct; it came to me through an intimate friend; but I think he would have no objection to his name being quoted. It is Senator Teller. Now, a friend of mine in Colorado only a few years ago sent a prospectus of a beet-sugar factory there, and he showed by that prospectus, which was made up carefully by supposed experts, I believe, that sugar could be produced in Colorado at not to exceed $2\frac{1}{2}$ cents per pound of granulated. He sent the figures to me to Cuba to revise, giving information upon this subject some three years ago, I believe. At that time I did not believe it was possible to produce domestic beet sugar in the United States for less than 3 cents per pound, but since then I understand—I refused to take any stock in the company at the time—but since then I understand they are producing at $2\frac{1}{2}$ cents there; but in order to be con-

servative I have set my figures at a cost of 3 cents per pound in well-located and well-regulated factories. Of course there are some factories throughout the country which are not doing that, possibly in Nebraska, where the season has been unfortunate for them in some locations, but the best-located factories are producing at that price.

Mr. SWANSON. Have you a statement of the cost of the production of cane sugar in Louisiana and other sections of this country?

Mr. ATKINS. I beg to be excused from making any positive statement about the cost of production in Louisiana, because I admit I do not know. What I get from there is hearsay, and I have not carefully investigated the cost of production in Louisiana. In these other countries I have. I have made it my business for a good many years to find out what my competitors were doing in other sugar-producing countries, and the statistics were not prepared for this meeting especially, but I have been preparing them for some twenty years.

The CHAIRMAN. You have been engaged in raising sugar for a number of years—

Mr. ATKINS. For some twenty years.

The CHAIRMAN. And you have been cultivating it for how many years?

Mr. ATKINS. Yes, sir; about twenty years.

The CHAIRMAN. Will you give us some idea of what proportion of this year's crop is held by the original producers at the present time?

Mr. ATKINS. My belief is—do you mean the year 1902 or 1901?

The CHAIRMAN. Well, the present crop—the crop they want to sell now.

Mr. ATKINS. The present crop is just beginning. There have been hardly any sales made. Very few sales have been reported of which I know.

The CHAIRMAN. The last crop is all sold?

Mr. ATKINS. The old crop is all sold. I do not think the planters hold largely the old crop. I believe the stock on the 20th of December—the total stock at the ports of Cuba—were reduced to about 25,000—no, 15,000 tons, but that represents old sugars of the past crop.

The CHAIRMAN. Can you tell us what proportion of the present crop is owned by citizens of the United States or by corporations of the United States?

Mr. ATKINS. I am not prepared to give you those figures.

The CHAIRMAN. Can you give us an estimate?

Mr. ATKINS. No; I can not even estimate it, for this reason, that there are so many naturalized Cubans, American citizens, in the island that you can not tell, even by talking with them, whether they are Americans or Cubans; it is impossible.

The CHAIRMAN. Well, leaving out that class.

Mr. ATKINS. Well, I can name them on my fingers. Mr. Kelley, who is here, represents an estate, of which he is a part owner, on the south side of Cuba, which turns out from 10,000 to 12,000 tons of sugar per year.

Mr. ROBERTSON. What grade of sugar is that?

Mr. ATKINS. That is standard 69 centrifugal sugar. The Trinidad Sugar Company, of which I am president, at Trinidad, Cuba, has an estate the capacity of which is about 10,000 tons per annum. My own property at Cienfuegos has a capacity of about 12,000 tons of sugar. We turned out last year 11,000 tons. The Homiguero estate is held by a New York corporation, located at Cienfuegos, Cuba, and has a capacity of 12,000 tons. The Constancia estate, recently pur-

chased by parties in Louisiana, represented by Mr. Spellman, connected with the Illinois Central Railroad, I should say should have a capacity of about 20,000 tons of sugar. The United Fruit Company, of Boston, at a place called Banes, have a factory—a new factory, started last year—with a capacity of about 20,000 tons. There is the property called the Chaparra Sugar Company, at Puerto Padre, on the north coast of Cuba, which is about ready to start up, owned by New York gentlemen, in which ex-Representative Hawley, of Texas, is interested, and which has a capacity of about 30,000 tons. This estate has never been operated. There is an estate near Santiago, called the San Francisco, of which Mr. Craig, of Philadelphia, is interested, which will start, I believe, this year with a capacity, I believe, of 15,000 tons of sugar. Now, as far as my memory serves me correctly, I think that is all the bona fide American interests there.

The CHAIRMAN. Does the American Sugar Refining Company own any sugar lands there or is interested in the crops?

Mr. ATKINS. None whatever. The only interest they have—I have this upon the statement of Mr. Havemeyer, whom I asked the question in case I should be asked it here, What interest the American Sugar Refining Company had there, and he replied, "Not a bit."

The CHAIRMAN. Do you know whether they have any contracts for this year's sugar?

Mr. ATKINS. No, sir; I do not think they have any contract. They own in Cuba some wharf property in the city of Habana, which they have owned for years and which they bought for the convenience in handling sugars that they might buy at that port. But aside from that wharf property Mr. Havemeyer said they did not own a dollar's worth of interest in the island of Cuba.

The CHAIRMAN. Do you know whether there are any contracts for this year's crop of sugar held by brokers in New York, or otherwise?

Mr. ATKINS. I do not think so. I do not believe there is a New York broker foolish enough to make a contract for sugar in Cuba or anywhere else in the face of the fearful decline of the sugar market in the last six months.

The CHAIRMAN. When you speak of the capacity of these concerns I suppose that is on the assumption that the crop will be up to the capacity of those concerns to produce?

Mr. ATKINS. They hope it will be, but the crop in Cuba is not quite as much as they anticipated.

The CHAIRMAN. Sugar is phenomenally low, is it not?

Mr. ATKINS. Phenomenally low.

The CHAIRMAN. How much lower than it was a year ago?

Mr. ATKINS. A year ago, cost and freight paid, 2.69 cents per pound.

The CHAIRMAN. At what point?

Mr. ATKINS. I mean sugar delivered in New York, freight paid by the seller. The cost and freight price on a parity with the New York market to-day would not exceed 1.81.

The CHAIRMAN. Can you tell us how it compares with two years ago about this time?

Mr. ATKINS. I can look it up in my data.

The CHAIRMAN. We can get that from the Government reports.

Mr. ATKINS. If you will allow me to make a general statement, it is a little higher than that—perhaps an eighth of a cent per pound—but not extraordinarily higher.

The CHAIRMAN. The decline was on account of the large production of beet sugar?

Mr. ATKINS. It was on account of the large production of sugar, both beet and cane.

The CHAIRMAN. Beet and cane, both?

Mr. ATKINS. Beet and cane sugar, both.

The CHAIRMAN. The production of sugar has increased very rapidly in the last ten years?

Mr. ATKINS. It has increased very rapidly.

The CHAIRMAN. So now three-fifths of the sugar of the world is produced from beets, is it not?

Mr. ATKINS. About 6,000,000 tons, as against three and a half or four million tons of cane, I believe.

The CHAIRMAN. Of course, if there had been no beet sugar, cane sugar would be phenomenally high now?

Mr. ATKINS. Not necessarily; the increase in cane sugar would have been very much more rapid.

The CHAIRMAN. You think that cane sugar would have filled the bill?

Mr. ATKINS. Cane sugar would have probably about filled the bill; it would have supplied so much sugar to the world.

The CHAIRMAN. Was it not a fact, Mr. Atkins, that, for whatever reasons you may account for it, beet sugar seems to be crowding cane sugar?

Mr. ATKINS. It has been crowding cane sugar for many years past.

The CHAIRMAN. Now, you speak of the bounty paid in Germany. Of course, when that German sugar is brought to this country that bounty is offset by the countervailing duty?

Mr. ATKINS. Yes; but not in England. They crowd out in England all the cane sugars of the world.

Mr. SWANSON. What is your estimate of the relative cost of the raising of cane sugar and beet sugar the world over without a bounty; which has the superior advantage?

Mr. ATKINS. My opinion is, sir, with all bounties abolished in all bounty-paying countries and all duties abolished in duty-paying countries, I think under free-trade conditions throughout the world that such cane countries as Cuba, Porto Rico, the Sandwich Islands, Java, etc., would hold their own against Germany and Austria. It would be a very close race, but I believe we could take care of this without any protection whatever in the way of duties or in the way of bounties.

Mr. MCCLELLAN. It has been stated that with free sugar the effect on the production in Cuba would be such as to swamp everything else. Is there not a limit to the possibility of the production of sugar in Cuba?

Mr. ATKINS. It has a limit, of course. My experience in purchasing cane land for sugar is that I hardly get 50 per cent of the land that I purchase which is suitable for cane planting.

Mr. TAWNEY. Can you give us any idea of the percentage of the unoccupied land available for sugar production which is not now under cultivation?

Mr. ATKINS. I should have to figure that. It is an unexpected question, but I can give it in two or three minutes; but taking the estimated amount of sugar cane—8,500,000 tons—and dividing it by 25 tons to the acre, we will find about how many acres are under cultivation.

The CHAIRMAN. What percentage of the whole amount would the amount under cultivation be?

Mr. ATKINS. I am unable to give you that.

Mr. TAWNEY. It is stated that not to exceed 10 per cent of the available sugar lands in Cuba is now under cultivation.

Mr. ATKINS. Very possible because in Germany with their enormous crop two or three years ago they figured less than 2 or 3 per cent of the cultivatable land was devoted to beet sugar.

Mr. TAWNEY. So 90 per cent of the available sugar lands in Cuba has yet to be exploited in the production of sugar?

Mr. ATKINS. I would not go to that extent in my statement because they have to have other crops; they can not give everything to sugar.

Mr. TAWNEY. If sugar is the most valuable crop, that is the crop that would be raised, would it not?

Mr. ATKINS. Not necessarily so, because there you have the tobacco crop, which must be kept up, and if you reduce the tobacco crop the price of high-grade tobacco will go to a point where everyone, of course, would plant tobacco.

Mr. RUSSELL. Why must the tobacco crop be kept up?

Mr. ATKINS. Because there is a demand for Habana cigars throughout the world which can not be supplied by any other country than Cuba.

Mr. TAWNEY. Are tobacco lands and sugar lands available for the production of either crop?

Mr. ATKINS. No, sir; you can raise some kind of tobacco on sugar land, but it is poor tobacco, and you get very poor results from raising sugar cane on tobacco lands as a rule.

Mr. TAWNEY. You have stated the number of Americans and corporations owning plantations there, and the aggregate amount of sugar produced by them I figure as 131,000 tons, or a little over one-eighth of the total product is owned by Americans?

Mr. ATKINS. Roughly speaking, I should think you are about right.

Mr. TAWNEY. Do you know how many plantations are owned by Spaniards?

Mr. ATKINS. A great many of those plantations are owned by Spaniards, but I do not know how many. The census does not distinguish between them. I myself have never been able to get any accurate figures, although I have tried for several years, about the division of property in Cuba among the different nationalities. I utterly failed in doing so.

Mr. TAWNEY. The statement was made to me some time ago by a gentleman in Cuba that not to exceed 3 per cent of the sugar plantations in Cuba were owned by Cubans. Would that be your judgment?

Mr. ATKINS. Well, sir, my statement would be a mere guess; I can not give you any figures. A large proportion of the property of the island is owned by Spaniards. Some of the best sugar estates on the island are owned by the Spaniards. Very many Cubans are naturalized American citizens, but whether they are to be classed as Cubans or Americans is a question of judgment or taste; but I have been unable to get anything accurate and I would not undertake to make any statement whatever covering the division of property among the different nationalities. It is all in Cuba, and it is all to be classed as Cuban property, and it is all entitled to a certain consideration from the United States.

Now, I would like to state here, generally, that there is a popular idea that American capital has rushed in there and a great deal of property has been bought by Americans since the war for speculative purposes and those people are now trying to get some benefit; but the greater part of those investments in Cuba by American citizens were

made many years before the war. My own property was acquired over twenty years ago, and most of the properties I am acquainted with were acquired before the war with Spain, and the United States found us there at the time when peace was declared.

Mr. TAWNEY. Do you recall an interview published with Mr. Havemeyer last August in which he explained that the purpose of increasing the capital stock of the American Sugar Refining Company \$15,000,000 was not for the purpose of buying up the Arbuckle independent refinery, but for the purpose of buying sugar lands in Cuba? Do you know whether or not they have bought any sugar land there?

Mr. ATKINS. No, sir; I may say positively they have not bought there, because I asked Mr. Havemeyer that question, thinking that question might be asked here.

Mr. TAWNEY. But he stated in that interview, did he not, that that was the purpose of increasing the capital stock?

Mr. ATKINS. If you will excuse me, newspapers do not always publish all of an interview correctly, and you and I know frequently interviews are attributed to us erroneously.

Mr. TAWNEY. It was commented on very extensively, and it has never been denied by Mr. Havemeyer.

Mr. ATKINS. I think perhaps Mr. Havemeyer had a purpose in throwing that reporter off the track in regard to the disposition of that fifteen millions, but I could not undertake to state here, and I do not wish it to be put into the notes of any of these reporters here.

The CHAIRMAN. To go back a moment to our conversation, which was interrupted a moment ago, can you tell us whether any options have been given on the present crops to be delivered in the United States?

Mr. ATKINS. No, sir; it is not customary to give options on the crops there.

The CHAIRMAN. You think that is erroneous?

Mr. ATKINS. I think that is erroneous. Mr. Mendoza, of Habana, one of the largest planters and one of the best known planters, can give you the necessary information. Mr. Place can do so as well. My own opinion is that there are no options given on the crops.

The CHAIRMAN. You ask for a reduction of 50 per cent?

Mr. ATKINS. We ask for a reduction of 100 per cent. I do not wish to attribute too much modesty to the delegation.

The CHAIRMAN. What would be the effect on the consumers of the United States, the price to them, if the duty were taken off?

Mr. ATKINS. For Cuban sugar alone?

The CHAIRMAN. Yes.

Mr. ATKINS. A part of that benefit would go to the benefit of the consumers of the United States.

The CHAIRMAN. How much of it?

Mr. ATKINS. It is impossible for me to say.

The CHAIRMAN. What is your idea about it?

Mr. ATKINS. It is a matter nobody has been able to figure out.

The CHAIRMAN. You have been in the sugar business for a good many years and you have seen sugar made free from the Hawaiian Islands and Porto Rico. You ought to be able to give us some idea of what the result would be.

Mr. ATKINS. When sugar was made free from Porto Rico it had very little effect, because it was only a crop of 50,000 tons. Now we are facing a crop in Cuba of 800,000 tons. The larger the proportion of free sugars that come into the United States the lower the duty

paid. Price will rule. I attribute part of the present decline to the fact that so large a percentage as 40 per cent has come into the United States, or has been produced in the United States, free of duty.

The CHAIRMAN. Now, what proportion of that would go to the American Sugar Refining Company?

Mr. ATKINS. American sugar refineries?

The CHAIRMAN. To the sugar refiners here—the American Sugar Refining Company, or Arbuckle, I do not care which.

Mr. ATKINS. All the American sugar refiners do a business by buying the raw material and selling the finished product. They pay for their raw material the price fixed. If they can buy beet sugar at Hamburg at a little less than the cane sugar of Cuba, Java, or Porto Rico, they take the beet sugar, or vice versa. They undertake to maintain a margin of about 1 cent a pound between the cost of 96 per cent test raw sugar that they buy and granulated sugar which they sell, but it is rarely they maintain so large a margin.

The CHAIRMAN. That is in recent years?

Mr. ATKINS. That is during the past twelve or eighteen months. The margin has been below a cent a pound. Their business is to buy raw material on the one hand and sell the finished product on the other hand, and the price of the refined product is made in accordance with the price they have to pay for the raw sugar. They follow the market, and any reduction in the tariff does not accrue to the benefit of the sugar refineries of the United States, and any increase in the tariff is paid by parties other than the sugar refiners of the United States.

The CHAIRMAN. When they got the raw sugar free from Hawaii the benefit of that went largely to the refiners?

Mr. ATKINS. No, sir; it went to the producers of the sugar there. They are paying in New York for the Sandwich Island sugars the same price they pay for the Cuban sugars, upon which duty has been paid. I am sure—

Mr. COOPER. You mean to say—

The CHAIRMAN. I would like to finish this line of questions—

Mr. COOPER. That the refineries receive a cent a pound more than they pay for the raw product?

Mr. ATKINS. I mean to say the sugar refineries sell their finished product at 1 cent a pound more than they pay for the raw product. Now take the question of wool manufacture, with which I am familiar. I purchase wool, the raw material, and I sell the finished product, basing the price of my finished product on the price I pay for my raw material. Now, none of you gentlemen would undertake to make a statement that the price per yard I get for my finished product is my profit. I have got to deduct from the price I get for my woolen goods, first, the cost of manufacture and, second, the cost of the raw material which entered therein. It is the same with the sugar refineries, that they have to deduct first the cost of refining and then their fixed charges and then barrels, then the cost of delivering to the railroads or the customers in the cities, before any profit is left.

Mr. COOPER. Then you say it does not make any difference to the sugar refiners what price is paid. They make the same profit?

Mr. ATKINS. They make the same profit or undertake to do so.

Mr. COOPER. It does not make any difference to them what price they pay at all?

Mr. ATKINS. It does not make any difference to them. Up goes the price or down comes the price exactly in accordance with the price of the raw material.

The CHAIRMAN. I would like to go back again to the price of the raw sugar of Hawaii landed in New York. How does that compare with the price of your raw sugar from Cuba?

Mr. ATKINS. The price the refiner pays for Hawaiian sugar landed at New York is just exactly the same as for a cargo landed from Cuba. The difference is that the seller of Hawaiian sugar gets $3\frac{1}{2}$ cents for a pound and I get $3\frac{1}{2}$ cents from the refiner, but I have to go to the United States custom-house and pay them 1.68 cents before I can withdraw my sugar from the warehouse.

Mr. SWANSON. Let me ask you this question: You say the sugar-refining companies fix the price of raw sugar by the price of the raw beet sugar in Hamburg?

Mr. ATKINS. Allow me to correct you on that point. I did not state the refineries fixed the price, but that Germany fixes the price which the refineries paid.

Mr. SWANSON. To what extent is raw beet sugar imported into this country and used by the refining companies in the manufacture of their sugar?

Mr. ATKINS. A year ago they imported 400,000 tons; this past year which has closed they imported about 220,000 tons, but the stock is there hanging over us like a thundercloud all the time.

Mr. SWANSON. That is about the amount of raw beet sugar that has been used by the American Refining Company, 200,000 tons?

Mr. ATKINS. Yes, sir; exactly. And should the price of the cane sugar exceed the price of the Hamburg market by a thirty-second of a cent a pound, instead of 200,000 tons coming in here we would get 1,000,000 tons.

Mr. SWANSON. To what extent do the beet-sugar companies have one process of turning out refined sugar in Germany?

Mr. ATKINS. They have one process, which is a different process from the manufacture of cane sugars.

Mr. SWANSON. To what extent do they granulate their own sugars so any refining company in America could not utilize their products?

Mr. ATKINS. Do you speak of domestic or foreign sugars?

Mr. SWANSON. Both.

Mr. ATKINS. The domestic producers are making nearly all of their output in refined sugar, which goes directly into consumption.

Mr. SWANSON. To what extent do the Austrian, German, and European beet-sugar companies use the same process of refining their sugar?

Mr. ATKINS. I can not give the percentages of those various countries, but a very large proportion of the output of Germany is granulated, which goes to England for consumption, and a very large proportion of the French sugars go to England for consumption in the shape of refined sugar.

Mr. SWANSON. Then there is a limited market for raw sugar that can be purchased by the refining companies in America unless they can get cane sugar; I mean there would be a lack of sugar to be refined?

Mr. ATKINS. If you ask me if the surplus beet sugar would supply the United States market regardless of the cane sugars, I should answer no, but there is a surplus of beet sugar.

Mr. SWANSON. I do not mean beet sugar already refined. As I understand it, the American sugar-refining companies use mostly cane sugar in the process of making granulated sugar. To what extent could they get beet sugar that is not refined for their process?

Mr. ATKINS. To the extent of using the surplus crop of Europe; every bit above the requirements of Europe. If there were a market for it, it would come in the shape of raw sugar; but because we have no market in the shape of raw sugar, they come to us, a large proportion, in the shape of refined sugar. They make as much as they can dump on the English market, and the rest goes into raw sugar, and they have to find a market for this raw sugar somewhere and sell it at some price.

Mr. NEWLANDS. Do I understand you to say that Cuba this year will produce about 800,000 tons of sugar?

Mr. ATKINS. You did not quite understand me correctly in that respect. I said the estimated crop in Cuba for this year was from 800,000 to 850,000 tons. In my opinion, under present conditions, that crop will not be that amount if the price is continued at the rate it is now.

Mr. NEWLANDS. If the sugar culture of Cuba were fully developed, what number of tons do you think Cuba could produce?

Mr. ATKINS. There is a great variety of opinion on that, but I think Cuba could produce two and a quarter million tons.

Mr. NEWLANDS. In how many years?

Mr. ATKINS. When the cane is planted in Cuba it is a slow process. After we plant the cane it is eighteen months before it is cut. You can not plant an enormous area of cane in one year. The labor in Cuba is very limited, and I have very strong doubts in my mind whether there is labor enough in Cuba to cut and take off possibly a crop of 800,000 tons. The wages are high. Wages there run quite as high as the average agricultural labor in the United States. The men can not be had, and in order to increase the cane crop of Cuba, I think, you have to import the labor to make it.

Mr. NEWLANDS. What is the total crop of sugar in the world?

Mr. ATKINS. The total crop of sugar in the world—excuse me if I do not carry all these figures in my mind—is estimated at 10,710,000 tons, which is an increase in the production over the previous year of 1,061,000 tons.

Mr. NEWLANDS. You stated the consumption of the United States. What is that?

Mr. ATKINS. About 2,300,000 and odd tons—2,330,000 tons.

Mr. NEWLANDS. Cuba, then, could produce about one-fourth of the world's crop of sugars, and the United States consumes about one-fifth?

Mr. ATKINS. Somewhere in that proportion.

Mr. ROBERTSON. Was it not stated by General Wood that if the sugar industry in Cuba were developed to its fullest extent they could supply the world?

Mr. ATKINS. I am not sure.

Mr. ROBERTSON. It was stated in the census report of Cuba.

Mr. ATKINS. It is possible that such a statement as that was made.

Mr. ROBERTSON. I think it was stated at 5,000,000 tons.

Mr. ATKINS. Such statements as that are being made constantly; and while General Wood is an estimable gentleman, and I would take his opinion on all military matters without question and as pertaining to the government of Cuba, I should prefer my own opinion in regard to the production of cane.

Mr. ROBERTSON. I suppose he was looking into the matter in the interest of Cuba, and he had a knowledge of Cuba and was pretty well posted.

Mr. ATKINS. I think he is doing as well as possible, but still I have my own opinion.

Mr. METCALF. Can you state the character of labor employed in the island in the cultivation of sugar cane?

Mr. ATKINS. One-third of the population of Cuba is black, according to the census. Now, these negroes are very much the same class of population as you will find in what we know as the black belt of the South. Those are all field laborers—the people who do the work in the cane fields. Then a large percentage of laborers are from the north of Spain, immigrants who come to Cuba, and they are a very good class of laborers, who might be compared with the Italian labor we have in this country. The Cuban countrymen do some of the labor there. In some of the districts they comprise a large proportion of the labor. In my district white Cuban labor is not abundant; we have to depend upon the blacks and the Spanish immigrants.

Mr. METCALF. You have some Chinese, or had at one time 40,000?

Mr. ATKINS. We have only about 20,000, and most of them are old and decrepit and unable to do heavy work.

Mr. METCALF. Can you tell what proportion of the sugar crop of Cuba has been exported to Spain?

Mr. ATKINS. Hardly any at all.

Mr. METCALF. I do not suppose for the past ten years you have averaged over 15,000 or 20,000 tons?

Mr. ATKINS. I think probably not.

Mr. METCALF. The United States has been practically the market for Cuban sugars?

Mr. ATKINS. Yes, sir.

Mr. METCALF. Going back to the question of free trade and reciprocity with Hawaii in 1876, was the price of sugar to the consumer reduced at all?

Mr. ATKINS. No, sir; the effect of the admission of the sugars of the Hawaiian Islands was to give the difference to the producers of the Sandwich Islands.

Mr. METCALF. Suppose a cut of 25 per cent were made in the present tariff, would that result in giving the sugar to the consumer at a less price than he is paying at the present time?

Mr. ATKINS. Somewhat, for this reason, in my opinion, for this is my own personal opinion and you must take it as such: The moment anything is done for Cuba, with this enormous stock in Europe hanging over the market—a million and a half tons that can not be consumed and must be given away at any price—as soon as they find Cuba receiving any benefit, in order to unload their stock the market will go further down. The decline in Europe is practically attributable to the discussion of reciprocity with Cuba. As fast as the Hamburg market goes down so fast goes down the markets of Java, of Demarara, of the English colonies, and of Cuba. It is a struggle for existence at the present time, and therefore through such conditions as that the consumers of the United States through the average decline in the market will get the benefit.

Mr. METCALF. Hawaii produces 300,000 tons to-day, and there has been no reduction in price to the consumer.

Mr. ATKINS. The crop is too small.

Mr. METCALF. You estimate the Cuban production at about 800,000 tons?

Mr. ATKINS. Yes, sir,

Mr. METCALF. And your opinion is if a cut of 25 per cent is made, it may result in a reduction of the price to the consumer?

Mr. ATKINS. It may somewhat.

Mr. METCALF. About what?

Mr. ATKINS. Owing to this overproduction the reduction of price to the consumer up to the present time is almost a cent a pound. The war-revenue tax assessed in England of a half penny a pound has almost been covered by the decline in the world's market. That is, the English consumer, the English preserver of jams, etc., is buying granulated sugar from Europe just as cheap as he was before the war-revenue tax. That comes from the congested condition of the market.

Mr. SWANSON. We are well satisfied in regard to the benefits to accrue to Cuba. What increased advantage to trade and commerce and business will accrue to the United States by granting this concession?

Mr. ATKINS. It is a long story, and I have not prepared the data, but I could talk to you, I think, for an hour at least on that, but some one of our delegation can—

Mr. SWANSON. That is a very important point.

Mr. ATKINS (continuing). Can state that better than I can, because they have made a more careful study of it. There will be a very material advantage accruing to the United States under reciprocal agreements, I have no doubt.

Mr. SWANSON. What class of goods do you think our trade and commerce can increase in if these reciprocal advantages are established?

Mr. ATKINS. We can increase our trade in all kinds of sugar machinery, railroad material and supplies; we can get their trade in light rice, which now comes from India, by a suitable adjustment, and all pork products, beef goods, dried fish, and we ought to get in woolen goods when the woolen manufacturers are prepared to meet the conditions, also in cotton goods; we ought to get almost everything that Cuba consumes.

Mr. METCALF. I just want to ask you one more question, and then I am through. You have been engaged in the sugar business for about twenty years?

Mr. ATKINS. Yes, sir.

Mr. METCALF. I ask you whether or not it has proven a profitable business to you?

Mr. ATKINS. It has in the past.

Mr. TAWNEY. Are you a member or officer of the American Sugar Refining Company?

Mr. ATKINS. No; I have not any interest in the American Sugar Refining Company, except that I hold some of the preferred stock as an investment, the same as I would railroad bonds, or woolen manufacture stocks or bonds as an investment, but I am in no way connected with the management of the Sugar Refining Company.

Mr. TAWNEY. But you are a stockholder?

Mr. ATKINS. I am a stockholder in the preferred stock; yes.

Mr. TAWNEY. You mentioned the names of Willett & Gray in the course of your remarks. What is their occupation?

Mr. ATKINS. Statisticians, practically; they are also sugar brokers, but they make a specialty of getting up the only trade journal report that is considered an acceptable report.

Mr. TAWNEY. They have recently distributed very extensively a

report to the newspapers, especially in the West, on this subject; was that in the interest of the sugar planters of Cuba, or was that in the interest of the Sugar Refining Company?

Mr. ATKINS. That I do not know; I did not know they had distributed such a paper. We have done a good deal of newspaper work, but not through them. I do not know that had been distributed.

Mr. TAWNEY. Are they import agents for the Sugar Refining Company, or sugar trust?

Mr. ATKINS. No, sir. The trust imports its own sugar, where it is imported at all; they have no agent.

Mr. TAWNEY. They are sugar brokers in New York?

Mr. ATKINS. Yes, sir.

The CHAIRMAN. You have just said, in reply to Mr. Metcalf, that your sugar business in Cuba has been profitable. Was it profitable last year?

Mr. ATKINS. It was profitable last year. I do not deny it, sir; and if you will allow me to make a statement here—

The CHAIRMAN. Of course you can make any statement you desire in answer to a question.

Mr. ATKINS. I do not deny I made money in Cuba last year; I do not think that is anything to my discredit. But the average planter in Cuba last year, I am assured by the very best authorities of the island, did not make money out of last year's operations, but barely covered the cost of its production.

Mr. COOPER. What is the difference in the price of wages there now and the price of wages before the war?

Mr. ATKINS. Before the war, during the insurrection, wages were very low indeed. The price of wages at the present time—well, I should think that they had increased 75 per cent; but wages before the war, during the three years of the insurrection, were abnormally low.

Mr. METCALF. What did they get during this period and what do they get now?

Mr. ATKINS. Wages vary in different sections of the island. The lowest wages are paid where you find the greatest supply of labor. In the provinces of Habana and Matanzas, for instance—the province of Habana contains 25 per cent of the total population of the island. There wages are lower than in the eastern portion of the island, where Mr. Kelley has to pay \$1 a day. In my section I pay about \$23 for a month of twenty-six laboring days.

Mr. DALZELL. To what do you attribute the fact that you made money and others failed to make money last year?

Mr. ATKINS. Modesty forbids my answering that question.

Mr. DALZELL. I just wanted to know.

Mr. ATKINS. If you will allow me to answer in part that question?

Mr. DALZELL. I thought there might be some difference in machinery perhaps, or in the price of labor.

Mr. ATKINS. I have every year for a great many years put back a large part of the profits into new improvements and machinery. I have people in all parts of the world finding out what other people are doing and finding out what other people are buying, and I try to go them one better. My own property is situated near the coast, and I own my own railroad and I have no rents to pay. I do not put my sugars in store. I produce my own cane, the greater part of it, and instead of taking it from the planters and dividing the profits, if there is any profit in cane producing, I keep it myself.

I ship my own sugars and sell my own sugars in New York or Boston,

and whatever there is there I get myself. I own my own lands, pay no rents to anybody, and I pay no interest, except now and then to one of the Boston or New York banks, and when they charge more than 4 per cent I consider I am getting squeezed, while the current rates in Cuba to many of these planters is 12 per cent on the money they borrow. Those are a few of the factors which make it possible for me to manufacture cheaper than some of the other planters. I do not attribute it to any personal ability, but my conditions and my surroundings are better.

Mr. RUSSELL. What proportion of the cost of the production of sugar is the labor cost?

Mr. ATKINS. Well, it is almost all labor, sir. Nearly all the cost of the production of sugar is labor.

Mr. RUSSELL. And you get your labor for at least \$3 a month less than the other plantations of which you have spoken?

Mr. ATKINS. Oh, no. I pay higher wages, for instance, than Mr. Mendoza, who is in Matanzas Province.

Mr. ROBERTSON. I understood you paid \$23 for twenty-six days' work.

Mr. ATKINS. That is about the average on my place.

Mr. RUSSELL. And you mentioned other localities and plantations where they paid \$1 a day.

Mr. ATKINS. Exactly; and that is \$26 for twenty-six days' work.

Mr. RUSSELL. Then you certainly pay less than they do?

Mr. ATKINS. I pay less than they pay, but I pay more than gentlemen from the provinces of Habana and Matanzas.

Mr. RUSSELL. How much more?

Mr. ATKINS. Mr. Mendoza says the rate I spoke of is \$3 higher than he pays.

Mr. RUSSELL. You are paying what might be considered the average rate?

Mr. ATKINS. I think I am paying the average rate on the island.

Mr. RUSSELL. The main cost of the production of sugar is the labor cost?

Mr. ATKINS. A greater part of it. Of course we have to buy our bags and put the sugar in them. We have to buy a little coal, but nearly all the fuel is furnished from the cane.

Mr. RICHARDSON. What is land worth per acre on which you raise sugar cane?

Mr. ATKINS. In my district land is worth from \$20 to \$30 an acre. But way down in the eastern part of the island, where it is like the wildest part of the State of Maine, you can buy lands at from \$2 to \$10 an acre, while very good lands in Matanzas Province will probably bring \$60 an acre.

Mr. RICHARDSON. What would your land rent for per annum?

Mr. ATKINS. I do not think I could find anybody foolish enough to pay rent there under present conditions.

Mr. RICHARDSON. There is land rented?

Mr. ATKINS. They have various terms with the planters. Cane factories buy certain tracts and take so many tons of the sugar cane which they produce as rent. That is not at all an uncommon way.

Mr. RUSSELL. If I understood you correctly, the average labor cost for the production of sugar in Cuba is \$23 per month for the workmen. Do you know what the average labor cost for the production of beet sugar in the United States is?

Mr. ATKINS. In the beet-sugar districts—I can not give it offhand.

I know that the average cost of agricultural labor throughout the United States is possibly a little under the average cost in Cuba. During the crop season in the beet-sugar States it is possible that they pay far in excess of the average.

Mr. RUSSELL. I do not consider a comparison of the average agricultural laborer has answered my question. I want to know if you are acquainted with the difference in the labor cost of raising sugar in Cuba and raising sugar in the United States?

Mr. ATKINS. I think, as compared with Louisiana—

Mr. RUSSELL. I mean beet sugar.

Mr. ATKINS. In beet sugar I can not give the cost. I can tell you the price the beet-sugar people pay per ton for beets, and according to the statement made by the best authorities the farmers are making money out of that. The reports of the Agricultural Department show \$4.39 a ton for the beets. Up in Michigan they are paying \$4.50 for the beets. Here is a little pamphlet, published at the request of the Canadian Government, printed by order of the legislative assembly of Ontario—

Mr. RUSSELL. That does not relate to my question.

Mr. ATKINS. But this has a direct bearing upon this question.

Mr. METCALF. That is not an answer to the question.

Mr. ATKINS. I can not answer the question directly; I do not know. The average price the farmers who raise beets in the United States pay for labor I would be glad to give if I could; but I know the price the farmers get for the beets, and I know the prices are remunerative, whatever price he has to pay for his labor.

Mr. RUSSELL. Can I infer from that your opinion is the labor cost is considerably higher?

Mr. ATKINS. Why, no, sir; the price of beets in the United States is but very little higher than the price of beets in Germany; but still the farmers raise beets, and they are satisfied to raise beets, and by the official report they are making money out of their beet crops.

Mr. SWANSON. And with \$23 for a month of twenty-six days does the laborer furnish his own lodging and food?

Mr. ATKINS. Yes; but on my own place I pay these men so much a month, according to the grade of labor, and feed everybody, because I can give them better food than they can provide themselves and give it to them cheaper than they can procure it, and the figure of \$23 I am giving as the cost of labor on my place is plus the cost of food.

Mr. NEWLANDS. In reference to sugar planting, is that conducted in very large tracts as a rule?

Mr. ATKINS. In Cuba it is not. In Cuba the cane production is cut up into a great many different holdings, and, as I have stated here, the census report shows some 15,000 holdings of small parties raising sugar cane on the island. In my own case I do the agricultural work as well as the manufacturing work, but I am an exception to the rule.

Mr. NEWLANDS. How large are your tracts there?

Mr. ATKINS. I have in all about 14,000 acres, and I have under cultivation perhaps—I will have to guess a little here—perhaps 4,500 acres.

Mr. NEWLANDS. Are there many larger tracts than that?

Mr. ATKINS. There are larger holdings of land in Cuba. There are some old Spanish grants called haciendas, round tracts, which are still held in there, but many of them are for sale. I would be delighted if some of you gentlemen would consider such investments.

Mr. NEWLANDS. In reference to the holdings, is the land held as a rule in large tracts or are there numerous small holdings?

Mr. ATKINS. There are numerous small holdings. Of course the island is very large and of course you will find large holdings.

Mr. NEWLANDS. Is there anything like a peasant proprietorship, such as they have in France?

Mr. ATKINS. Certainly. These countrymen own little places all the way from 30 to 40 or 50 acres.

Mr. NEWLANDS. On such lands do they raise sugar cane?

Mr. ATKINS. I am sorry to say the cane they raise is not sugar cane. They live on these little places, and where they have a little place they do not raise much of anything, in my experience. They could in our district, for instance, raise corn and potatoes and find a market for them on the spot, but, as a rule, they are not disposed to do that. The small landed proprietor is generally uneducated and has a family around him there, and lives the life of a gentleman of ease.

Mr. NEWLANDS. On your sugar plantation how many men do you employ?

Mr. ATKINS. About 2,000, directly or indirectly.

Mr. NEWLANDS. And do they live upon the plantation throughout the year?

Mr. ATKINS. Some of them live in little houses with their families, and some of them live in barracks established around in different divisions of the estate.

Mr. NEWLANDS. Do they, as a rule, own the land on which they live?

Mr. ATKINS. In my case they do not own the land now. Some of them own land in the neighborhood, but not on my property.

Mr. NEWLANDS. It has been stated that, contrasting cane-sugar planting with beet-sugar planting, that cane-sugar planting can only be done in very large tracts and with semi-servile labor attached to the soil, while on the other hand the beet-sugar cultivation permits small holdings of independent farmers. What have you to say in reference to that?

Mr. ATKINS. I think you, in a measure, misunderstood the statement. The manufacture of sugar must be done on a large scale. There is no use of manufacturing sugar any longer in a small sugar house, as the expenses are almost the same as in a big sugar house—more in proportion; but in regard to the planting of the cane in the island of Cuba, it is done by people with small holdings. Mr. Mendoza told me yesterday he had on his place between 300 and 400 people who either own the land and were producing cane for him, or rented land from the estate.

Mr. NEWLANDS. What machinery is regarded as necessary in a large sugar plantation?

Mr. ATKINS. Do you mean in nature or cost?

Mr. NEWLANDS. What is the character of machinery I meant to say in general terms? You have a large sugar mill?

Mr. ATKINS. It is practically the same, aside from the grinding machinery, that you find in the sugar refineries and beet factories of the West.

Mr. NEWLANDS. And in connection with that I understood that you had railroads?

Mr. ATKINS. Many places have their own railroads. I own my own railroad of about 28 or 30 miles for convenience in transportation of the cane.

The CHAIRMAN. You stated you paid \$23 a month, and in that you reckoned the price of board you furnished the men?

Mr. ATKINS. Exactly.

The CHAIRMAN. What do you pay them aside from the board?

Mr. ATKINS. I pay them wages.

The CHAIRMAN. What do they average?

Mr. ATKINS. The wages we pay now will average \$18 Spanish silver; that is worth about 80 cents on the dollar, and then adding the cost of food to that, cooks, service, and everything, will bring it up to between \$23 and \$24 a month.

The CHAIRMAN. Twenty-three dollars Spanish or United States currency?

Mr. ATKINS. It is \$23.50, we will say, in Spanish money; Spanish gold.

The CHAIRMAN. You say Spanish gold is worth about 80 per cent of American—

Mr. ATKINS. Oh, no; Spanish silver is worth about 80 cents on the dollar in Spanish gold. Spanish gold has a nominal premium, affected, of course, by the rates of exchange of 6 $\frac{1}{2}$ over United States money.

Mr. RUSSELL. Give us the wages in United States money.

Mr. ATKINS. Well, roughly speaking, \$22.

The CHAIRMAN. Another question. Prior to 1897 the sugar refineries in the United States made a margin of a cent and a quarter for several years, did they not?

Mr. ATKINS. There was a time, but it was very limited.

The CHAIRMAN. Well, two or three years—well, at least for a time prior to 1897. Now, the margin in the last year has been down as low as fifty-one one hundredths, I believe, or it has recently.

Mr. ATKINS. I believe it has recently.

The CHAIRMAN. Do you know what it was to-day?

Mr. ATKINS. Refined sugar is selling in New York—it sells at 4.41 net price, and raw sugar 3.5 nominally.

The CHAIRMAN. The cause of this decline in the margin was the competition which came in, was it not?

Mr. ATKINS. The competition of the raw-sugar-producing countries.

The CHAIRMAN. But the difference in the margin between the raw and the refined—that decline was because of the competition in refined sugar?

Mr. ATKINS. I believe it was.

The CHAIRMAN. Did the beet-sugar industry in this country cut any figure in that decline, in your judgment?

Mr. ATKINS. It did, undoubtedly. Every producer that you have cuts a figure in reducing prices.

The CHAIRMAN. Are your wages the same this year as about a year ago?

Mr. ATKINS. They are about the same. Now we have hundreds at those wages, and I anticipate that price of labor will drop in Cuba, as various places have to stop their work.

The CHAIRMAN. You have to stop work there or make a cut in wages?

Mr. ATKINS. If they all go on working cane they can not cut wages. The wages have got to advance; but the effect of these low prices will be to stop work on many plantations, and that means throwing men out of employment, and labor will be abundant and the prices for the others will decline.

The CHAIRMAN. They have either to stop work or there will be a cut in wages if no relief is given by Congress?

Mr. ATKINS. We can not cut wages enough to offset the five-eighths or three-fourths of a cent a pound loss on the present market.

The CHAIRMAN. What proportion of labor have these planters already put into the present year's crop up to the present time? What proportion of the labor of raising and harvesting the crop has been put into it by the planters up to the present time?

Mr. ATKINS. I should say about 40 per cent. Mr. Kelly's suggestion is 50 per cent.

The CHAIRMAN. If they have advanced 50 per cent toward the crop they will have to go on and secure it to save themselves?

Mr. ATKINS. If they can they will make the effort, certainly.

The CHAIRMAN. That must be done either through a cut in wages or loss to the planter?

Mr. ATKINS. Exactly. But suppose a man has no further money to lose; suppose he is running on credit.

The CHAIRMAN. If he has no money he can not do it, but can not he pledge his credit to raise the money?

Mr. ATKINS. That is the condition of a large part of the producers of sugar in Cuba to-day.

Mr. TAWNEY. I see here from the publication of Willett & Gray that the average price of sugar in 1896, before the war in Cuba, was 0.423 less than it was in 1901.

Mr. ATKINS. Will you give me the quotations?

Mr. TAWNEY. Centrifugal, average price, 1901, 4.047; 1896, 3.624 per hundred pounds, making a difference in favor of the average price in 1901 of 0.423; so that you received on an average during the year 1901 42.3 cents per hundred more for sugar than you did in 1896, or before the war, when you were paying practically the same duty you are paying now.

Mr. ATKINS. I can not follow you without seeing the figures, but I know the prices have never been so low to the Cuban planter as they are to-day. To-day prices in Cuba would not leave a Cuban planter there 1.46 cents for centrifugal sugar, and less than a cent a pound for molasses sugar.

Mr. TAWNEY. The average price in 1901 was 4.047 per hundred, and the average price in 1896 before the Cuban war was 3.624 per hundred.

Mr. ATKINS. You are going back a year ago?

Mr. TAWNEY. I am going back to 1896, when you got less for the sugar than in 1901.

Mr. ATKINS. Nobody is complaining especially about the price last year. I made the statement that the price last year did not yield a profit to the average Cuban planter.

Mr. TAWNEY. Pardon me, but was it not the price you received for last year's crop which you claim led to the industrial depression in Cuba? Was it not because you did not receive enough for last year's crop that you claim you were unable to maintain the degree of prosperity you think you ought to have down there?

Mr. ATKINS. I beg pardon. You misunderstand me. I did not make that statement. I said I made a good profit. I say the price to-day will not enable the planters to take off their crops, for the prices to-day are nearly a cent a pound below a year ago. The crop is in the field—\$20,000,000 worth of cane—and the value of the sugar to-day will not warrant or enable a great many of those planters to cut their cane and harvest it at all.

Mr. TAWNEY. This average price for 1901 is up to within a few weeks ago?

Mr. ATKINS. The drop in sugar set in about last July.

Mr. ROBERTSON. And that is not applicable to Cuba alone.

Mr. ATKINS. No; it is a world condition—a plethora of sugar throughout the world. It reflects upon Cuba for the reason that your attention is directed to Cuba first because of the political condition and the relation of Cuba to the United States. It does not make any difference to the consumers whether the countries are ruined.

Mr. TAWNEY. I see the price in December 26, only three weeks ago, was 3.66, or 4 cents a hundred more than it was in 1896, or before the war.

Mr. ATKINS. I was not aware of that. I know just before the war prices went temporarily very low, but they soon recovered.

Mr. ROBERTSON. We have received through the mails and elsewhere copies of a bill proposed by a number of Cuban citizens representing the Cubans here, and one section of that bill places in our relations with Cuba all sugars below number 16 Dutch standard on the free list. Is that the bill you advocate?

Mr. ATKINS. No, sir; I know nothing about any such proposed bill. I will ask Mr. Placé if any such bill as that was submitted to the Cuban committee. I understand they know nothing about it.

Mr. ROBERTSON. That has been distributed all over the United States?

Mr. ATKINS. In regard to number 16 Dutch standard I will explain. Am I right in saying you had no knowledge whatever of any such proposed bill being introduced? (To the Cuban delegation): My first point was to repudiate any such bill. We did confine our recommendation to a removal of the duty upon raw sugar from Cuba. Now we did it for this reason—

Mr. ROBERTSON. I desire to ask another question; I want to know the facts. What grade of sugar do you produce in Cuba?

Mr. ATKINS. Raw sugar.

Mr. ROBERTSON. You produce no refined sugar?

Mr. ATKINS. None, except a little for local consumption.

Mr. ROBERTSON. There are no refineries at all there?

Mr. ATKINS. There is one small refinery at Cardenas, I believe.

Mr. ROBERTSON. There are 800,000 tons of raw sugar you desire to bring into the United States this year?

Mr. ATKINS. Yes, sir.

Mr. ROBERTSON. Where will that sugar be refined?

Mr. ATKINS. On the Atlantic coast; what we call in sugar language the Atlantic coast. That excepts New Orleans and San Francisco and means Boston, New York, and Philadelphia.

Mr. ROBERTSON. Are there any independent sugar refineries in this country?

Mr. ATKINS. Yes.

Mr. ROBERTSON. How many are there?

Mr. ATKINS. There is the National, of New York, which controls three houses, of which Mr. James Post is president, independent of the American Sugar Refining Company, and there is a house—there is a house in Philadelphia, and there is an independent house in Boston. In addition to that, all the beet-sugar houses in the country have refineries.

Mr. ROBERTSON. That is all right; that is domestic material, and they produce the raw material.

Mr. ATKINS. I beg pardon, they produce refined sugar.

Mr. ROBERTSON. They refine the sugar at once from the beets.

What is the proportion of the output of the independent refineries to that of what we know as the sugar-refining trust?

Mr. ATKINS. I believe that the American Sugar Refining Company, or so-called trust, controls the output of about 62½ per cent, or five-eighths of the total.

Mr. TAWNEY. What does it cost you per ton to put your cane into the factory?

Mr. ATKINS. As an individual?

Mr. TAWNEY. Yes, sir.

Mr. ATKINS. Is it quite fair to ask the cost of individual production?

Mr. TAWNEY. What is the average cost of putting your cane to the factory?

Mr. ATKINS. For Cuba?

Mr. TAWNEY. Yes.

Mr. ATKINS. I think the average cost of putting the cane to the factory in Cuba, including the depreciation of the cane fields, which must be charged off every year, and including rentals of the land, which in most cases is paid, is in the neighborhood of \$2.25 to \$2.50 a ton.

Mr. TAWNEY. Between \$2.25 and \$2.50?

Mr. ATKINS. Yes; but I have no actual figures I can show in regard to that. It was a matter that was impossible to ascertain.

The CHAIRMAN. Are there any other questions?

Mr. ATKINS. I would like to make a further statement; I will not take up much time.

Mr. ROBERTSON. Who would purchase this raw sugar coming from Cuba—the sugar refineries?

Mr. ATKINS. What do you mean, sir?

Mr. ROBERTSON. I mean the importer of sugar in this country.

Mr. ATKINS. Every bit of it.

Mr. ROBERTSON. And it will be refined by the sugar refineries here?

Mr. ATKINS. We hope so.

Mr. ROBERTSON. Who will control the market price of that sugar—will the price of consumption control it entirely?

Mr. ATKINS. No, sir; the sellers of duty-paid sugar will control the price of refined sugar.

Mr. ROBERTSON. I am not talking about refined sugar; I am talking about raw sugar.

Mr. ATKINS. Exactly. About raw sugar.

Mr. ROBERTSON. These people in Cuba could not compete in any other market as against that market?

Mr. ATKINS. They have to come to the United States, and in the United States we could not sell sugars 1 cent a hundred more than the duty-paid price of sugars coming from Java and the English colonies and from Germany.

Mr. ROBERTSON. What effect do you think it will have on the cost of refined sugar provided—

Mr. ATKINS. None whatever, except as far as the raw-sugar price might drop. If the effect upon the margin of the refinery would be enough it would maintain, or try to maintain, a cent a pound, exactly the same as it does now.

Mr. ROBERTSON. It would not be affected at all by the demand for beet sugar in the United States, but would be controlled by the Hamburg price?

Mr. ATKINS. It would be controlled by all the other duty-paying countries.

Mr. ROBERTSON. Therefore the effect upon the prices to the consumer is nothing, or would be nothing?

Mr. ATKINS. It would be nothing if you can put a peg in the Hamburg market and keep it where it is; but if the Hamburg market drops 6 pence or a shilling below present prices, down comes the whole market with it, and the consumers of the United States get the benefit of that decline.

Mr. ROBERTSON. That is fixed at Hamburg—

Mr. ATKINS. I am speaking of Hamburg, because Germany is the big market of the world.

Now, I want to go a little bit further. I started to read from this report to the Canadian government. This report says that the refineries in Michigan who are buying beets at \$4.50 a ton purchased the entire crop of the Canadian farmers on the Canadian side of the St. Claire River, paying them \$3.20 per ton, the buyers paying freight to the factory of 50 cents per ton and a duty amounting to 25 cents upon the value of the beets. The interesting point of this is, "the growers realize for their crop from \$40 to \$90 per acre, with a probable average of \$55 per acre. The results of this year's experience has created among the growers keen anxiety to renew their contracts with the company." Now, just across the river from the Michigan side the Canadian farmers are making money by producing beets at \$3 a ton, and I would like to say the Michigan farmers getting \$4.50 a ton had apparently quite a profitable business.

The next point I wish to make is this: Another strong factor in the opposition of any concession to Cuba is that of the planters from the Sandwich Islands. They have sent a delegation to Washington begging that no concession be made to Cuba. Now that the Sandwich Island planters require no protection any more than the domestic beet-sugar factories do I state emphatically.

Mr. METCALF. Will you specify the paper you read in each case?

Mr. ATKINS. I have here the tenth report of the Ewa Factory, Sandwich Islands. In that report—

The CHAIRMAN. It is 12 o'clock, and the members will have to go to the House; and, without objection, we will meet at 2 o'clock to continue this hearing.

AFTER RECESS.

At 2 o'clock p. m. the committee resumed its session.

STATEMENT OF MR. E. F. ATKINS—Continued.

The CHAIRMAN. Had you completed your statement, Mr. Atkins?

Mr. ATKINS. I have a little more that I would like to say, if you please. I want to go back a little and correct something that may have been misunderstood. One of the gentlemen asked me about the comparative prices of the past year and 1896, I believe. Was that it, sir?

Mr. TAWNEY. 1896 or 1895.

Mr. ATKINS. I did not quite comprehend his question, and I think he, perhaps, overlooked the fact that during 1896 the Wilson tariff was in force, assessing 40 per cent duty upon sugar, which was the equivalent of about a cent a pound, against the present Dingley tariff of 1.68½. That accounts for the discrepancy in the prices quoted in that circular.

Mr. TAWNEY. Then, under the Wilson tariff you received less for your sugar in 1896 than you received in 1901 under the Dingley tariff?

Mr. ATKINS. Hardly that, sir.

Mr. TAWNEY. That is the fact, is it not?

Mr. ATKINS. Hardly that, sir. The bond price was lower under the Wilson tariff.

Mr. TAWNEY. What do you mean by "the bond price?"

Mr. ATKINS. The duty-paid price, the duty not being so great.

Mr. TAWNEY. If the duty was less, you should have received more for your sugar in 1896 than you did in 1901.

Mr. ATKINS. Yes; but I think you are confounding the bond value of sugar, which you quoted, with the cost and freight value.

Mr. TAWNEY. I have quoted from Willett and Gray.

Mr. ATKINS. If you will give me those figures again I think I can make it clear.

Mr. TAWNEY. In 1896 it was \$3.62 and 4 mills a hundred pounds. That was the average price for that year.

Mr. ATKINS. Yes. Now, if I remember correctly—

Mr. TAWNEY. The average price in 1901 was \$4.047 per hundred pounds. On December 26—only a few weeks ago—it was \$3.66 a hundred—4 cents more than the average price in 1896.

Mr. ATKINS. These prices you give me cover the duty—they are the duty-paid values?

Mr. TAWNEY. Yes, sir; that is what it says.

Mr. ATKINS. Deduct the 40 per cent duty, which in 1896 must have amounted to a little less than a cent a pound. Am I right, Mr. Kelly?

Mr. KELLY. Nineteen dollars a ton.

Mr. ATKINS. Call it a cent a pound. That would leave the cost and freight value \$2.62. The duty now under the Dingley tariff is \$1.69, leaving \$2.35, as against \$2.62. Taking off the present duty from the present quotation of \$3.66, it would leave \$1.97.

Mr. TAWNEY. That quotation of \$3.66 was for one day in the month of December.

Mr. ATKINS. Well, we will take that out, if you please.

Mr. TAWNEY. The average price for 1901 was \$4.047 per hundred pounds.

Mr. ATKINS. Yes. Deducting duty in both cases, it would leave, in 1896, a cost and freight value of \$2.62, against a cost and freight value of last year of only \$2.35, the difference being the duty assessed.

Mr. TAWNEY. I supposed that this gave the average price the owner of the raw sugar received in this market for his product.

Mr. ATKINS. After the duty is paid?

Mr. TAWNEY. After the duty is paid.

Mr. ATKINS. Now, if these sugars that are quoted at \$4.04 come from the Sandwich Islands, that is the money which the Sandwich Island producer receives for his goods delivered in New York. If they come from Cuba, from the \$4.04 you must deduct the Dingley rate of duty of \$1.69, leaving to the seller of the sugar but \$2.35.

Mr. TAWNEY. Deduct, then, the Wilson rate from the \$3.62 and what result do you have?

Mr. ATKINS. Two dollars and sixty-two cents. It is a 40 per cent rate. Of course, the specified rate varied a little, but it amounted to about a cent a pound. Now, deduct the cent a pound from \$3.62 and it leaves \$2.62 as the bond value of sugars during 1896. The bond value of sugars based upon your duty-paid value in the past year of 1901 would be \$2.35.

Mr. TAWNEY. You made a statement to the governor-general of the island on this subject, did you not, which is published in the Census of Cuba, 1899?

Mr. ATKINS. I think there is something there. I do not remember what you refer to.

Mr. TAWNEY. Your name is Mr. E. F. Atkins, is it not?

Mr. ATKINS. Yes.

Mr. TAWNEY. Have you any objection to our printing this statement from this volume of the Census of Cuba as a part of your remarks?

Mr. ATKINS. Not the least. I would be very glad to explain it. (See p. 40; also Appendix, p. 547.)

Mr. TAWNEY. Very well.

Mr. NEWLANDS. Mr. Atkins, as I understand it, tobacco and sugar are the chief products of Cuba?

Mr. ATKINS. The principal products, sir.

Mr. NEWLANDS. Suppose those industries should become unprofitable. Could not the Cuban people turn their attention to other agricultural pursuits and make a good living?

Mr. ATKINS. It depends upon what you call a good living, sir. I raise very good cabbages down there, but I have to eat them up myself. You can raise oranges there, but you can not bring them into the United States on account of the duty. All the winter vegetables which find a market in New York are met with a duty in this country, so that they can not be brought in. There is no agricultural product; there is nothing that can be raised in Cuba that is not in practically the same position regarding our tariff as are sugar and tobacco.

Mr. NEWLANDS. Is cattle raising profitable there?

Mr. ATKINS. Cattle raising has been profitable in the past. Some years ago it was quite profitable. You can not bring cattle into the United States, however.

Mr. NEWLANDS. Assume that you are relieved of the payment of this duty. Do you think the tendency would be toward the concentration of the lands there in very large holdings, or would it be toward the promotion of small holdings of land?

Mr. ATKINS. I think the tendency would be toward smaller holdings; but that is an economic question which it is very difficult to solve until it actually arises.

Mr. NEWLANDS. You are familiar with our experience in Hawaii?

Mr. ATKINS. Yes.

Mr. NEWLANDS. That by the reciprocity treaty and by annexation we practically gave their sugar an added value of \$40 a ton?

Mr. ATKINS. Yes.

Mr. NEWLANDS. And added about ten millions to the value of their exports?

Mr. ATKINS. Exactly.

Mr. NEWLANDS. Now, our understanding is that that value went almost entirely to the land.

Mr. ATKINS. The land advanced in value in equal proportions?

Mr. NEWLANDS. Yes; and very little was done for labor. The lands rose to \$500 and \$1,000 an acre, while the labor advanced very little. Do you think that will be the condition of things in Cuba?

Mr. ATKINS. I do not believe labor will be likely to advance beyond the average price paid in the United States; for the moment it did immigration would set in from the United States and from all over Europe.

Mr. NEWLANDS. Well, would it reach the average price of labor in the United States?

Mr. ATKINS. I think it would; I think it is nearly there now, sir. The price of labor in Cuba is in excess of the price of labor in the Southern States.

Mr. NEWLANDS. Is there any way of so conducting the business of sugar planting there as to promote small holdings, and yet obtain the economic results that you get by large concentration of plants?

Mr. ATKINS. I think you will find that the small holdings of Cuba to-day aggregate an enormous acreage. I have quoted from the census, which shows that there are over 15,000 small holdings.

Mr. NEWLANDS. The general impression is that very large capital is required for sugar planting. From what does that impression come?

Mr. ATKINS. I think they confound sugar planting with sugar manufacturing. Very large capital is required for sugar manufacturing.

Mr. NEWLANDS. For the mills?

Mr. ATKINS. For the mills, for the plant, for the railroads, and the equipment necessary, a large capital is required.

Mr. NEWLANDS. Now, the small landowners do not have mills?

Mr. ATKINS. They do not have mills.

Mr. NEWLANDS. They have to resort to these other mills?

Mr. ATKINS. Exactly.

Mr. NEWLANDS. Owned by large capital?

Mr. ATKINS. Yes.

Mr. NEWLANDS. Can they have their cane ground reasonably, or is there any regulation by the public of the charge?

Mr. ATKINS. Of the charge for what?

Mr. NEWLANDS. For grinding the cane, for putting the cane through the mill. Is there any regulation of the charge for manufacturing sugar from cane?

Mr. ATKINS. The charge upon what?

Mr. NEWLANDS. As I understand it, the small landed proprietor, in order to get sugar from his cane, must have it put through the mill of the large proprietor.

Mr. ATKINS. Yes.

Mr. NEWLANDS. Is not that so?

Mr. ATKINS. Yes.

A MEMBER. He sells it raw to the mill owner, does he not?

Mr. ATKINS. He sells the sugar cane for cash.

Mr. NEWLANDS. What is the price for which he now sells the sugar cane for cash?

Mr. ATKINS. Generally he sells the sugar cane for cash, but very many of the contracts—a very large proportion of the contracts—are based upon a certain percentage of sugar to be delivered in return for the cane that is purchased. In actual practice, however, they figure out the value of that sugar and pay cash for it in the majority of cases, because the small farmer does not want to receive sugar and have to take it to market and go through the process of selling it and turning it into cash in that way. He prefers to receive cash in the first instance; but very many and, in fact, most of the contracts in Cuba are based upon the delivery of a certain percentage of sugar upon the cane received.

Mr. NEWLANDS. The laborers who are employed upon these sugar plantations in Cuba have the privilege of voting, have they not?

Mr. ATKINS. All of them.

Mr. NEWLANDS. Now, I would like to ask you whether it is possible, with that system of labor, with the concentration of large gangs of men upon these great plantations, to develop a laborer who will be capable of exercising the right of suffrage?

Mr. ATKINS. Well, we have developed a laborer in the city of New York to a point where it is considered that he is amply able to vote intelligently.

Mr. McCLELLAN. That is a very different class of labor, Mr. Atkins.

Mr. ATKINS. Well, you have the Germans and the Italians and the Poles and the Bohemians, to say nothing of the Irish, that come into New York. Somehow or other they make citizens out of them; they all vote.

Mr. NEWLANDS. That is not a direct answer to my question, however.

Mr. ATKINS. Will you put it again? I will see if I can answer it.

(The question of Mr. Newlands was read by the stenographer.)

Mr. ATKINS. I think the chance is just as good there as it is in other locations anywhere in the world.

Mr. NEWLANDS. Where sugar is raised?

Mr. ATKINS. Where sugar is raised or where other things are raised.

Mr. NEWLANDS. You do not think, then, that there is anything in the character of that particular industry which has a tendency to develop a semiservile labor?

Mr. ATKINS. No; I do not. The laborer who now comes into Cuba from Spain is a man of average intelligence. He is quite as good as the Italian laborers who come to this country. He is quite as good as the majority of the Irish laborers who come to this country. As a rule, these Spanish laborers are men of reasonable intelligence.

Mr. SWANSON. What are your recommendations as to what this country should do for Cuba and what Cuba should do in return? What specific recommendations have you to make after your study and long experience of the situation there?

Mr. ATKINS. Well, begging your pardon, I was particularly cautioned against making any recommendations before this committee. I was told that the witnesses were to answer questions and that the committee did not ask for any recommendations or any opinions. I can give an opinion, if you wish.

Mr. SWANSON. What is your idea of fair trade relations, which would be of reciprocal benefit, both to Cuba and to the United States?

Mr. ATKINS. Our committee recommend free sugars and 50 per cent reductions in everything else. It is for you gentlemen to decide what shall be granted.

Mr. SWANSON. Free sugars?

Mr. ATKINS. That is what we recommend.

Mr. SWANSON. Now, you have been to Cuba. What are the Cuban people willing to do in return for that?

Mr. ATKINS. The Cuban people are at present represented by the United States military government. The military government, I think, might be induced to make almost any kind of recommendation that the gentlemen might suggest.

Mr. SWANSON. How long is this military government expected to continue?

Mr. ATKINS. They hope to withdraw the troops and terminate the military government next spring.

Mr. SWANSON. Do you think the Cuban people would be willing to

allow us 50 per cent reductions on everything in preference to other nations?

Mr. ATKINS. The Cuban people need the revenue. As I understand the situation, they do not want to cut so into the revenue that they will not have any resources to run the government. Mr. Placé, who is here, is thoroughly posted on that side of the question; and he can answer that question in two words, very much better than I can. Will Mr. Placé answer that question?

Mr. SWANSON. Had we not better finish with this witness first, Mr. Chairman?

Mr. ATKINS. Very well; I will refer that question to Mr. Placé later.

The CHAIRMAN. If there is nothing further, had we not better let Mr. Atkins go?

Mr. SWANSON. I was anxious to find out from Mr. Atkins, as a business man, an American, and one interested in Cuba, to what extent the United States would be benefited if these concessions as to the sale of commodities there should be granted, what inducement can be offered, as to what commodities, and wherein we are going to get any benefit in return.

Mr. ATKINS. A reduction in the duty on certain commodities that now come from the United States would mean loss of revenue on that special line without any accruing benefit to the United States, because a very large proportion of our supplies are now coming from Europe. That can easily be arranged, however, by advancing the tariff on European goods and leaving the tariff on American goods as it is at present. It can be done either in that way or by lowering the tariff on American goods. What you want, in order to effect that particular result, is a discrimination against European goods.

Mr. SWANSON. Are you willing, as an American planter there, to abolish the tariff on the importation of goods from the United States, which will prevent importation from foreign countries, and have a direct tax on your property there sufficient to make revenues for the Cuban government?

Mr. ATKINS. Certainly. If I can have free trade in Cuba, I can pay my taxes in Cuba in exactly the same way that I pay them in Massachusetts.

Mr. SWANSON. And you would be willing to do it?

Mr. ATKINS. I would be willing to do it; but I must be put in a position where my property is profitable in order to be able to do it. If Cuba were part of the United States to-day, there is no reason in the world why the system could not at once be changed from a revenue system to a direct tax, and nobody would find any fault. Property in Cuba can pay a tax the same as property in Massachusetts.

Mr. McCLELLAN. Do you think a system of drawbacks on sugar would accomplish the same result?

Mr. ATKINS. I am absolutely opposed to any system of drawbacks.

Mr. McCLELLAN. It certainly would not lower the price of sugar to the consumer?

Mr. ATKINS. Not in the least to the consumer.

Mr. ROBERTSON. About what percentage of imports do you now get from the United States; do you know?

Mr. ATKINS (after consultation with Mr. Placé). One-third; Mr. Placé answers that it is one-third.

Mr. ROBERTSON. Now, does not the price which is the result of the enormous production of sugar by European countries affect the cane growers of Louisiana as well as of Cuba?

Mr. ATKINS. It affects everybody, all over the world.

Mr. METCALF. You started out this morning, Mr. Atkins, to give us the cost per ton of sugar cane, and I think you placed that cost at \$2.50. Is that correct?

Mr. ATKINS. They asked the question what it cost to deliver a ton of sugar cane at the mills, in my opinion. I told them that I had no figures whatever upon which to base the cost, but in a general statement I believed it was between \$2.25 and \$2.50.

Mr. METCALF. As a prudent business man, I suppose you keep an accurate account of the cost to you?

Mr. ATKINS. Yes.

Mr. METCALF. Have you any objection to stating what that cost is?

Mr. ATKINS. I prefer not to expose my own private accounts before the committee.

Mr. METCALF. Does it cost you to exceed \$1.25 a ton?

Mr. ATKINS. Yes, sir; a good deal more than that.

Mr. METCALF. What enters into the cost, Mr. Atkins?

Mr. ATKINS. Labor, almost entirely.

Mr. METCALF. Do you include depreciation of land?

Mr. ATKINS. Depreciation of the cane fields; yes. The cane fields in Cuba, when first planted, are expected to last from four years in the older districts to eight and ten years in the newer districts. Every year a certain percentage must be charged off.

Mr. METCALF. About what percentage do you charge off for depreciation?

Mr. ATKINS. My own system is to go through all the fields every year, put on a revaluation, and charge for the difference between that and the valuation of the previous year.

Mr. METCALF. About what percentage do you charge off?

Mr. ATKINS. On the newer lands we usually charge off about one eighth of the whole, or 12½ per cent. Now, it costs to plant an acre of cane in the central districts of the island between \$50 and \$60. That cane is supposed to last for a good many years; but it does not last forever, and you have to charge off a certain amount for depreciation annually.

Mr. METCALF. I would like to have you answer my question, Mr. Atkins, as to what percentage you charge off for depreciation in your lands?

Mr. ATKINS. I do not charge off by a percentage. I charge off by actual valuation.

Mr. METCALF. Oh, it is an actual valuation?

Mr. ATKINS. Actual valuation, in my own case.

Mr. METCALF. Is your valuation, then, based upon what the land produces each year?

Mr. ATKINS. It is based upon what the land produces. If I have a field that will not run more than four years, and I have taken two crops off of that field, I know that I must charge off for depreciation what is the equivalent of 50 per cent of the cost. Now, there are fields that will last eight years and nine years. In the case of those fields I have to charge off a much smaller percentage for depreciation.

Mr. METCALF. How many crops do you harvest a year?

Mr. ATKINS. We harvest one crop of cane a year, but when the cane is new the fall plantings require about eighteen months' growth before they can be harvested.

Mr. METCALF. Then you only harvest one crop a year in the old plantations?

Mr. ATKINS. Only one crop a year.

Mr. METCALF. Do you know whether Mr. Havemeyer owns any cane-sugar lands in Cuba?

Mr. ATKINS. Mr. Havemeyer, as an individual, has some interests, which are very moderate interests, in Cuba.

Mr. METCALF. Do you know to what extent?

Mr. ATKINS. I would like to be excused from stating specifically what I know. Mr. Havemeyer is interested with me in the corporation down there. Just what his interest is I beg to be excused from stating, but I can assure you that it is a very moderate interest and not sufficient to exercise control over that one property.

Mr. METCALF. What is the name of the corporation, Mr. Atkins?

Mr. ATKINS. That particular corporation is the Trinidad Sugar Company.

Mr. METCALF. Is he interested with you in any other corporation?

Mr. ATKINS. No. I beg your pardon—he is not—except that I have an investment interest in the refining company.

Mr. METCALF. I understand. Do any of the stockholders of the American Sugar Refining Company—is that the name of the corporation?

Mr. ATKINS. Yes.

Mr. METCALF. Do any of the stockholders of that refinery, other than yourself, own sugar-cane lands in Cuba?

Mr. ATKINS. I know of one or two who have some interests there, simply as investment interests, but they have nothing whatever to do with the refining interests.

Mr. METCALF. Can you furnish their names?

Mr. ATKINS. I would prefer not to do that, because I should consider it a breach of confidence.

Mr. METCALF. Very well. Do any of the directors, to your knowledge, own such lands?

Mr. ATKINS. I would like to assure you that, so far as I know, their interests are extremely moderate and exercise no control whatever.

Mr. METCALF. Do any of the directors of the American Sugar Refining Company, to your knowledge, own any sugar-cane lands in Cuba?

Mr. ATKINS. Mr. Havemeyer is a director of the company.

Mr. METCALF. I say, do any of the other directors?

Mr. ATKINS. Yes; that is the question I supposed I was answering.

Mr. METCALF. I was asking you before about stockholders.

Mr. ATKINS. About stockholders?

Mr. METCALF. Yes.

Mr. ATKINS. I covered in my answer both stockholders and directors. I know of two or three instances where people interested in the American Sugar Refining Company are also interested in various business enterprises in the island of Cuba; but in every case, so far as my knowledge extends, those interests are not controlling interests. They are simply investment interests, and they take no part in the management of the corporations.

Mr. METCALF. Why is it that you ask only for free raw sugar?

Mr. ATKINS. We ask for free raw sugar for this reason: The people producing sugar in the United States, in Louisiana, the big sugar producers and the refiners, all produce and sell refined sugar. Cuba

produces no refined sugar; she can not produce refined sugar at any profit.

Mr. METCALF. But you have a refinery there?

Mr. ATKINS. No, sir.

Mr. METCALF. You said this morning that you refined your own sugar, as I understood you.

Mr. ATKINS. No; I beg your pardon. I said there was one small refinery in the island, in which I have no interest whatever. Cuba refines no sugar to speak of, except a very little for domestic consumption. She can not refine at a profit in competition with the large refineries of this country. It would be no object whatever for the Cuban sugar producers to ask a reduction in the rate on refined sugar; and if they did that we would immediately raise an unnecessary point of antagonism with all the domestic producers in the United States, including the producers of both cane and beet sugar. It is for the interest of those producers to have a protection upon refined sugar.

Mr. METCALF. When will your sugar of this year be ready to put on the market?

Mr. ATKINS. It is ready now.

Mr. METCALF. It is?

Mr. ATKINS. The first crop.

Mr. METCALF. Do you know about the amount?

Mr. ATKINS. The crop began about the 1st of January. In a few instances earlier than that. They have been grinding fifty days out of a possible one hundred and twenty.

Mr. METCALF. When will it end?

Mr. ATKINS. About the first week of May under normal conditions. It is likely to end this year very suddenly.

Mr. METCALF. I understand you to say that you are also asking to have your fruits come into this market free?

Mr. ATKINS. That is the request of the Cuban people.

Mr. METCALF. That is the request of your committee, is it not?

Mr. ATKINS. Not of my committee, but of the Cuban people. I do not represent the Habana committee, but I can speak for them in that respect. They have asked for 50 per cent reductions on all their products, as I understand.

Mr. MCCLELLAN. Will you make clear to us, before you stop, this point to which you alluded this morning? I think it may soothe the feelings and the fears of some of the members of this committee who fear the sugar trust very greatly. The reduction of the duty on raw sugar, as I understand it, will not result in a greater profit to the sugar trust, but will result in a reduction of the price of refined sugar, will it not?

Mr. ATKINS. Exactly. That is the point I tried to make clear.

Mr. MCCLELLAN. In other words, the reduction will not profit the sugar trust, as some people seem to think?

Mr. ATKINS. No. I see no possible way in which the refiners of the United States can derive any direct benefit from reduced duties. They would only benefit indirectly by being able to sell their refined sugars at a lower price, and by increasing their trade.

Mr. MCCLELLAN. In other words, the consumer would profit by the reduction?

Mr. ATKINS. The consumer would profit to a certain extent in this case. Cuba expects to profit by the action taken in her favor; but she would not profit to the full extent.

Mr. ROBERTSON. Did you not say a little while ago, in answer to my

question, that the introduction of free Cuban sugar would affect the price of sugar, as it was controlled by Hamburg?

Mr. ATKINS. No, sir; I stated this morning that anything that was done to relieve Cuba in the way of reducing duties would, in my personal opinion, have the effect of at once starting this avalanche of surplus sugars onto the United States market; and that in order to get something for their surplus stock, they would further reduce prices, and in that way the consumer would benefit in part by this reduction.

Mr. TAWNEY. That would be only temporary, though, would it not?

Mr. ATKINS. That would be a temporary condition, which would all be cleared up in the course of a year or two.

Mr. TAWNEY. The consumer would be benefited more if the duty was taken off of refined sugar, would he not?

Mr. ATKINS. Refined sugar? Are you speaking of sugars from all the world or from Cuba?

Mr. TAWNEY. From all the world, or from Cuba either.

Mr. ATKINS. If the duty was taken off from sugar from all the world the result would be that inside of twenty-four hours the price of raw sugar would drop from $3\frac{1}{2}$ cents a pound to 1.81 cents a pound. That would mean that the refiner would be selling his refined sugar at 2.81 cents.

Mr. LONG. Do you mean that the price would drop in New York?

Mr. ATKINS. I mean in the United States. If the refiner had no duty to pay upon his raw sugar, he would be buying to-day at 1.81 instead of $3\frac{1}{2}$ cents.

Mr. LONG. You stated that Hamburg fixes the price. Do you refer to the price of raw sugar or refined sugar?

Mr. ATKINS. Hamburg fixes the price for the world of both grades of sugar, because Germany is the largest producing country. She produces some 2,200,000 tons of sugar annually, and consumes 800,000.

Mr. LONG. Does the New York price follow the Hamburg price?

Mr. ATKINS. Since the admittance of so many free sugars here the New York price has been slightly under the parity of the Hamburg price. Previous to that time it was slightly above the parity, and instead of importing 500,000 or 600,000 tons of beet sugars from Europe, as we did formerly, we imported last year only 220,000 tons of beet sugars.

Mr. LONG. And the larger the amount of free sugar admitted here the lower will be the prices brought here, as compared with the Hamburg price?

Mr. ATKINS. Yes, sir.

Mr. SWANSON. Was that beet sugar refined, or was all of it raw?

Mr. ATKINS. When it reaches the consumer it is all refined.

Mr. SWANSON. I mean was that 220,000 tons of beet sugar raw or refined?

Mr. ATKINS. It was nearly all raw sugar.

Mr. SWANSON. Nearly all raw sugar?

Mr. ATKINS. Nearly all raw sugar. There is a small importation, but very small, of refined sugar.

Mr. LONG. Did I understand you to make a distinction, a while ago, between the bond value and the bond price of sugar?

Mr. ATKINS. I make a distinction between the duty-paid value and the bond price.

Mr. LONG. What do you mean by the bond price of sugar?

Mr. ATKINS. I mean the bond price; the duty-paid price, less the duty.

Mr. MCCLELLAN. The price in bond, in other words.

Mr. NEWLANDS. Mr. Atkins, in this country the American Sugar Refining Company expects to make 1 cent a pound for refining sugar, does it not?

Mr. ATKINS. No, not to make it; it expects to maintain a margin of that amount.

Mr. NEWLANDS. I mean to maintain a margin. What is the margin in other countries—European countries?

Mr. ATKINS. The European countries are so affected by taxes and drawbacks that it is impossible for anybody who is not selling on the spot to tell you what the difference is. They pay one drawback on raw sugar; they pay another drawback on refined sugar; they tax the refined sugar that goes to the consumer for the benefit of the raw sugar that is exported; and it would be quite impossible for me, or, I think, for anybody else in the sugar trade, to answer that question intelligently.

Mr. NEWLANDS. Will you answer, generally, as to whether it is greater or less?

Mr. ATKINS. I do not think it is any smaller, sir. There is not the enormous profit per pound in refining sugar in this country that is popularly supposed. I was president and manager of a refinery in Boston for some ten years previous to the formation of this sugar trust. At the time Mr. Oxnard was refining sugar in New York I was in the same business in Boston. We both came into this combination, parted with our holdings, and (I speak for myself, and I think I can say the same for Mr. Oxnard) went entirely out of the refining business. At that time it was costing about a half a cent a pound to pay the expenses of refining. It costs very little less at the present time; and you can see that if the margin, as maintained at present, is only 90 cents a hundred there is not any large profit in the refining business. In the aggregate it amounts to a good deal; but the profit per pound is not a large one.

Mr. METCALF. What is the daily capacity of these sugar refineries?

Mr. ATKINS. The daily capacity?

Mr. METCALF. Yes.

Mr. ATKINS. Oh, they vary. There are a great many different houses, you know; they vary in capacity.

Mr. METCALF. From the smallest to the highest?

Mr. ATKINS. I think the largest is about 6,000 barrels; is it not, Mr. Kelly?

Mr. KELLY. I do not know.

Mr. METCALF. Six thousand barrels a day; and how many pounds are there in a barrel of sugar?

Mr. ATKINS. From three to four hundred, according to whether it is dry sugar or soft sugar.

Mr. TAWNEY. What is the present condition of the laborers outside of the large cities in Cuba? Are they employed or are they generally idle?

Mr. ATKINS. Under normal conditions, sir, the labor in Cuba is not sufficient to go around.

Mr. TAWNEY. Then if the duty were taken off of sugar it would result, would it not, in a very material increase in the development of the sugar lands and sugar production there?

Mr. ATKINS. Not immediately. You have got to import the labor there.

Mr. TAWNEY. Where would you import that labor from?

Mr. ATKINS. Principally from Spain. Some might come from Italy, and some would come from the United States.

Mr. TAWNEY. From the Canary Islands?

Mr. ATKINS. And from the Canary Islands, in some quantity.

Mr. TAWNEY. And from China?

Mr. ATKINS. You can not take laborers into Cuba from China under the United States laws on that subject.

Mr. TAWNEY. The United States laws on that subject, you know, are not in effect in Cuba.

Mr. ATKINS. They are now.

Mr. TAWNEY. I know; but they will not remain in effect after Cuba has become an independent government.

Mr. ATKINS. They will take very good care to see that we shall not import Chinese labor there.

Mr. TAWNEY. Would there not be very little labor from the United States that could be utilized there in the production of sugar?

Mr. ATKINS. Not very much. Some Southern labor, perhaps, could be utilized; but I think the labor would principally come from Europe, just as it comes from Europe to the United States. The same class of people would go into Cuba. There is no better class of immigration for that country, to my mind, than the people from the north of Spain.

Mr. METCALF. No American labor is employed in sugar production in Hawaii. The labor employed is Japanese, Portuguese, native, and Chinese.

Mr. ATKINS. Exactly; but native labor is employed in Cuba, and Spanish labor. Many of the Spaniards who are employed there have been there for a good many years.

The ACTING CHAIRMAN (Mr. Dalzell). If there is nothing further, Mr. Atkins, that will do. There are other gentlemen waiting to be heard.

Mr. ATKINS. Before I go I would like to say that I have answered so many questions that I have not had time to state everything I intended to state. Among other things I intended to refer to one other class of opposition that we meet in Washington, to a reduction of the duties on Cuban sugars.

Mr. LONG. I would like to ask one question just there. How does your cost of labor compare with the cost of labor in Porto Rico?

Mr. ATKINS. It is just about double the rate of Porto Rico.

Mr. LONG. I notice that in an article in the North American Review you say it is eight times as much as it is in Java.

Mr. ATKINS. Yes, sir.

Mr. LONG. And double the amount that it is in the beet-producing countries of Europe?

Mr. ATKINS. About double what it is in the beet-producing countries of Europe. It is more than double the wages that are paid in Hungary, Bohemia, and Poland, and it is quite double the wages that are paid in Germany. The standard rate in Java is 10 cents a day, out of which laborers feed themselves. The second competition comes from the Sandwich Islands. They have sent a delegation to Washington begging that no concession be made to Cuban sugars.

I have here the report to its stockholders of the Ewa plantation for the year 1900. This report states that the output of sugar for that

year was some 20,550 tons, upon which they made a net profit of \$1,022,000. The capitalization of the plant was five millions of dollars. In other words, there was a net profit amounting to 20 per cent. The cost of production was \$1.63 on the ship.

Now, Cuba has to meet that competition. When they come to the New York market, those sugars sell at $3\frac{1}{4}$ cents a pound; and Cuba has to enter and pay duty under the Dingley rate, which reduces her price to \$1.81 a hundred pounds, or 1.81 cents a pound.

There is the report of another stock company, which I regret I have not with me, to which my attention was called yesterday. I think it is the Hawaiian Sugar Company. Am I right, Mr. Kelly?

Mr. KELLY. Yes, sir.

Mr. ATKINS. That report shows a cost on board the ship of $1\frac{1}{4}$ cents per pound.

Mr. METCALF. For what year was that?

Mr. ATKINS. The past year, I believe—1900. The report I have here is for the year 1900, and I understand the other report is for the same year. Mr. Kelly has it in his office. I regret I have not it with me.

Mr. METCALF. Well, they have not paid any dividends.

Mr. ATKINS. Still that is what they report. The probability is that they will pay dividends later on.

Mr. METCALF. The stock has dropped from a hundred and odd dollars down to a very low figure.

Mr. ATKINS. In regard to Porto Rico, there is also opposition coming from that direction. They do not want any reduction made to Cuba; but the lands in Porto Rico are quite as good as the lands in Cuba, their cane is of quite as good a quality, the juice tests as high, the tonnage of cane per acre is quite as high, all the facilities are the same, and the natural lands of Porto Rico and Cuba may be considered as being upon a parity, so far as producing is concerned. Porto Rico is but little farther from the United States. The freights are at the present time higher, because everything has to come in American bottoms, while Cuban sugars can come in foreign bottoms; but under ordinary conditions the freights are practically equal. The price of labor there is just about one-half what we pay in Cuba; and still these gentlemen say that no reduction should be made upon Cuban sugars.

Mr. ROBERTSON. What are the possibilities of the development of the sugar industry in Porto Rico as compared with the possibilities in Cuba?

Mr. ATKINS. The percentage of increase, sir, is perhaps twice as large, but the island is very small indeed and very thickly populated. In the past they have produced 50,000 or 60,000 tons. The estimated crop for the current year is 120,000 tons. It will be, perhaps, 100,000. I should suppose, from the best authority that I can get, that they might run up their original 50,000 tons to 200,000 or 250,000 tons, or possibly a little more.

Mr. ROBERTSON. It could not go beyond that, could it?

Mr. ATKINS. I do not say that it could not, but that, in my judgment, it would not be likely to go beyond 250,000 tons; but then we must remember, in answering that question, that in 1875, when the treaty was made with the Sandwich Islands, we were assured that they had reached the utmost limit of their capacity in sugar producing. They produced at that time 70,000 tons. Since then they have increased their production to upward of 300,000 tons, so that I never dare to make a statement that the producing capacity of a given country has reached its limit.

Mr. ROBERTSON. Yes; but the possibilities of raising sugar, of course, are restricted in Porto Rico.

Mr. ATKINS. It is a restricted territory. My judgment is that they would not be likely to produce more than 250,000 tons, which is a very large increase—five times as much as their crop was before annexation took place.

Mr. ROBERTSON. That is a very liberal estimate?

Mr. ATKINS. A very liberal estimate, I should suppose, and a very large increase. I do not think that Cuba would begin to make the same percentage of increase. I do not think it would be possible. They have not the labor. It will take many years for them to get it, and the development in Cuba is going to be comparatively slow.

Mr. TAWNEY. On what theory do you claim that we are under any obligation to treat Cuba the same as we treat Hawaii and Porto Rico?

Mr. ATKINS. I have not so far claimed before this committee that you are under any obligation at all, sir. That rests with your own judgment.

Mr. TAWNEY. That was the inference I drew from your remark a moment ago—that we ought to treat Cuba the same as we treat Porto Rico and Hawaii.

Mr. ATKINS. I beg your pardon; I did not make that remark. I think you inferred, and I hope your judgment will be, that we ought to treat Cuba as we treat these other possessions. We have gone in there and destroyed what government there was. To be sure, it was not what would be called a good government, but it was a government. It was a stable government, upon which the United States Government could call for the protection of the property of its citizens. The United States destroyed that government, and has given us nothing in return; but it has annexed the Sandwich Islands, it has annexed Porto Rico, and it has annexed the Philippine Islands, the two latter as the result of the war.

Mr. RICHARDSON. How has our action affected the sales of Cuba to Spain, the mother country? Are you selling as much to Spain as you sold before?

Mr. ATKINS. No; we never sold very much to Spain. We always traded with this country. But the point is this: Through the annexation of these other territories the United States has done its full share in stimulating this overproduction of sugar that is taking place all over the world. Thereby we have brought the price of sugar down to a point where Cuba can no longer produce, and if we throw Cuba overboard to-day we leave her in absolute ruin.

Mr. TAWNEY. Do you say we destroyed their government?

Mr. ATKINS. We drove out the government that was in Cuba before.

Mr. TAWNEY. Well, that was what the Cubans were trying to do and could not, and we were implored to intervene to aid them in accomplishing what they could not do, was it not?

Mr. ATKINS. That was what a certain class of Cubans tried to do.

Mr. TAWNEY. And since that time we have maintained order there at our own expense, have we not, and endeavored to aid in the establishment of an independent government for the benefit of the Cubans?

Mr. ATKINS. Undoubtedly everything that the United States Government could do to maintain order and to improve the conditions in Cuba has been done. It has been done very well indeed. Every credit is due to the Army for its work in Cuba. But nothing has been done, and nothing can be done except by Congress, to alleviate

the economic condition of Cuba, and that is the secret of the whole thing. Withdraw your troops there, leave Cuba in its present economic conditions, and just as sure as the sun is shining there will be political disturbances and political troubles that will make further difficulties for the United States.

Mr. McCLELLAN. Which will possibly result in annexation, and then certainly in free sugar.

Mr. ATKINS. Now, in considering what should be done for Cuba, you know my committee suggests that sugars be made free. In considering that suggestion I want to ask you to bear in mind the fact that the present value of Cuban sugar to her planters is at least five-eighths and probably nearer three-quarters of a cent below the cost of production. In figuring any percentage of reduction of the Dingley rates, you should keep in mind the fact that it will take three-quarters of a cent to give the Cuban planters what it costs them to produce their sugar, without allowing for any profit on the average cost of production.

Mr. TAWNEY. What market do you claim Cuba has lost by reason of the war?

Mr. ATKINS. We have not lost any market, but we have lost the possibility of selling sugars at a remunerative price, and that was brought about largely by the course of the United States in stimulating the production of her domestic sugars. In speaking of domestic sugars I refer not only to domestic sugars of the United States proper, but to those of her colonies. Adding that to the same stimulation, through legislation, in Europe, the United States has done her full share toward bringing about this economic crisis in the sugar markets of the world.

Mr. TAWNEY. How do you reconcile that statement with the one contained in the article you published here in the Cuban census (see Appendix, Exhibit A), in which you say that with new capital and skill the average cost of production in Cuba can be reduced, and that with either free sugars or a uniform rate of duty in the United States assessed upon all sugars—a countervailing duty to offset foreign bounties always being maintained—(which we have done), she can hold her own and recover prestige as a sugar-producing country?

Mr. ATKINS. I think there is nothing inconsistent between that and what I have stated here to-day. I have said that under any normal conditions of the market (the present conditions are most abnormal), with absolute free trade in sugars in the United States, Cuba could hold her own against the other sugar-producing countries.

Mr. TAWNEY. But all you ask for there is uniform rates of duty.

Mr. ATKINS. Exactly.

Mr. TAWNEY. And the maintenance of countervailing duties?

Mr. ATKINS. Exactly. You have no uniform rate of duty now.

Mr. TAWNEY. We have a uniform rate of duty on all sugar coming in from foreign countries.

Mr. ATKINS. Yes; but you have made foreign countries domestic countries since that was written, or about the time it was written.

Mr. TAWNEY. No; not since it was written.

Mr. ATKINS. About the time it was written; since the war.

Mr. TAWNEY. It was right after the war. This was written in 1899.

Mr. ATKINS. The statement quoted in the census volume is a reprint of my statement submitted to Special Commissioner Robert P. Porter, and will be found in the appendix to Mr. Porter's report issued by the Treasury Department. The statement was made October 25, 1898. (See p. 28.)

Mr. TAWNEY. This is the census of 1899.

Mr. SWANSON. Mr. Atkins, if annexation of Cuba to the United States is desirable, will it be hastened by granting reciprocal arrangements at this time or denying them, do you think?

Mr. ATKINS. There is a variety of opinion about that. If you want to bring about annexation by the destruction of the island of Cuba, I think it could be done by refusing to give Cuba anything at all.

Mr. McCLELLAN. It would virtually be starving them into annexation.

Mr. ATKINS. If you start a fire that will sweep over the island from one end to the other and leave everything in ashes, and thus make way for a new government, new capital, and a new set of people, they will become prosperous in the future. But it is a most severe remedy; it is a remedy that I am sure neither Congress nor any of the individuals composing this committee would for a moment contemplate. It is to avoid that condition of things that we are urging Congress to take some action that will relieve Cuba from her present economic crisis.

STATEMENT OF MR. LOUIS V. PLACÉ, OF HABANA, CUBA,

Cuban delegate on economic affairs.

The CHAIRMAN. Please give your name, residence, and occupation.

Mr. PLACÉ. My name is Louis V. Placé; I am a merchant of Habana.

Gentlemen, I am here for the third time as a delegate from Cuba on economic affairs. I came here to beg you gentlemen to help Cuba in the present situation for once and forever.

We are a country producing and consuming a great deal. I have been for years a student of Cuban economic questions and the commercial advantages that both countries, the United States and Cuba, will attain by coming to some agreement. The moment is ripe for such agreement. After twenty-five years of careful study and looking over your trade with us and our trade with you I have come to one conclusion. It is a broad conclusion, and it is that the only solution of the problem of the commercial relations of Cuba with the United States and of the United States with Cuba is free trade between both countries.

I will explain to you my reasons, and show you that Cuba will never interfere with or do any harm to the interests already created at great cost by sugar and tobacco producers of the United States.

I am not here to defend only the interests of the sugar people of Cuba. My sympathies are the same with the people who cultivate 1,000 or 20,000 acres and the ones who only cultivate 1, 2, or 4 acres. I am looking after the interests of the man behind the plow in the island of Cuba, whether he plants or cultivates sugar, or tobacco, or vegetables, or anything else. I am looking out for the welfare of my country, and the welfare of my country depends upon its being commercially allied with your country.

I am not against beet interests or anything else. I wish to see them producing millions of tons. The day that they produce 1,000,000 we will produce 2,000,000, and that day you will consume 4,000,000, or 500,000 tons. Therefore you will be, as you are to-day, looking to other markets for sugar. Anything we can produce you can use, and we can use \$100,000,000 of your products per year.

At this moment we buy from \$3,000,000 to \$4,000,000 worth of rice

annually, of which we only bought from you last year some \$75. We import from \$3,000,000 to \$4,000,000 worth of wine, of which \$2,000,000 are low-class wines; and we took from California some—about 50 cents. We are importing from \$6,000,000 to \$7,000,000 worth of cotton goods, and we only took from the United States some \$500,000. We are taking from the United States less and less every day because of the fact that the competition of Europe is becoming greater and greater every day.

Therefore the only question here is that between Cuba and the United States there shall be coastwise trade and nothing else. That is a matter which, of course, has a direct effect upon your merchant marine. Under ordinary circumstances between 3,000,000 and 4,000,000 tons will move between one country and the other. How much does the American get of that amount? One-quarter. The American tonnage is rapidly disappearing from our ports. In coastwise trade we can give the American tonnage \$5,000,000 to \$7,000,000 of freight in the direct trade between the United States and Cuba. The trade must be a coastwise trade, and the sooner we get there the better for all.

Now I am ready for your questions, gentlemen.

The CHAIRMAN. If you had free trade on goods coming from the United States, I suppose the United States would furnish you about all you would use in Cuba, would it not?

Mr. PLACÉ. Very nearly all. We may import \$4,000,000 or \$5,000,000 or \$6,000,000 worth of fancy articles from other countries, because we are a badly brought-up country; we spend a great deal of money.

The CHAIRMAN. You say four, five, or six millions, on the theory that your foreign trade amounts to how much?

Mr. PLACÉ. The trade between the two countries will amount, inside of two years, to \$250,000,000.

The CHAIRMAN. And then there will not be more than \$4,000,000 or \$5,000,000 left for other countries?

Mr. PLACÉ. Inward, from other countries.

The CHAIRMAN. Now, how do you get your revenues if you have all that free?

Mr. PLACÉ. Six months ago, when the prospect for sugar was 2 cents per pound, we sought reciprocity with your country on the basis of 40 per cent. By increasing the duty on foreign products entering Cuba there will be a margin for both countries to trade, and at the same time our custom-house could raise between fifteen and sixteen millions per year, which will be sufficient to pay the expenses of the new government. We are now in such a position that if something is not done immediately where are we going to get the revenues? What are we going to produce, having no market for our products, and if we do not produce, how can we get trade and get revenues?

The CHAIRMAN. You are willing to take off your prohibitive tariff on tobacco, I suppose, under those circumstances?

Mr. PLACÉ. Yes; if free trade is established. You can consume all the tobacco we produce without doing any harm to your country. You can consume all of our sugar, and we will get from you all that we need in Cuba.

The CHAIRMAN. Do you mean that we could consume all of your sugar if you had free trade?

Mr. PLACÉ. You would consume all our sugar; yes, sir.

The CHAIRMAN. How much do you suppose you would produce?

Mr. PLACÉ. We would produce at the rate of 150,000 tons more

than this year, increasing from year to year, as the scarcity of population at present is such that it will be difficult to harvest our present crop of 850,000 tons.

The CHAIRMAN. Yes; but if there was a demand for labor there you would have immigration.

Mr. PLACÉ. We need another million inhabitants before we will get to 1,000,000 tons of sugar over what we will produce this year if everything goes all right.

The CHAIRMAN. How much of the sugar land is now used for the cultivation of sugar?

Mr. PLACÉ. I suppose one-third of the good land is cultivated in sugar.

The CHAIRMAN. One-third of the good land, you say. How much of all the sugar land?

Mr. PLACÉ. I may say one-third of the sugar land of Cuba, I think; I am not positive.

The CHAIRMAN. Do you not think free trade on sugar will bar out Louisiana and Texas sugar?

Mr. PLACÉ. Louisiana can supply us with rice. We will do her some harm, probably from \$200,000 to \$300,000 per year on the price of sugar, and she can make \$2,000,000 or more out of her rice trade with us, as we consume from \$3,000,000 to \$4,000,000 worth of rice per year.

The CHAIRMAN. You are willing, then, that Louisiana and Texas should go into the rice business and discontinue the sugar business?

Mr. PLACÉ. No. They can produce sugar, they and others, and they can produce rice. There is sufficient room in your market for all we can now produce.

The CHAIRMAN. What effect do you suppose that will have on the beet-sugar production of such States as Michigan, which is not very far from the coast, so far as freights are concerned?

Mr. PLACÉ. It will not have any. They can produce sugar just as cheap as we can, and I wish they would produce a great deal of it.

The CHAIRMAN. Do you think they can produce beet sugar as cheaply as you can?

Mr. PLACÉ. That is what I understand.

The CHAIRMAN. If they can do that, why can we not produce our own sugar in this country from beets, and supply our own people, instead of buying it in Cuba?

Mr. PLACÉ. If you do that we will not be in a position to buy anything from you, because if we produce nothing we can buy nothing.

The CHAIRMAN. Has not the sugar industry in Cuba generally been profitable?

Mr. PLACÉ. The sugar industry in Cuba has not been profitable for a great many years, and at present it is in a ruinous condition. Almost all the sugar estates, except perhaps 10, are mortgaged for more than their value. Every sugar estate in Cuba, with the possible exception of 10, is mortgaged for twice its value.

The CHAIRMAN. So you think it has not been profitable?

Mr. PLACÉ. No, sir; it has not been, although the people in Cuba have worked very hard and with a great deal of courage.

The CHAIRMAN. When did it cease to be profitable, with reference to the time they commenced producing so much beet sugar?

Mr. PLACÉ. It was before that time.

The CHAIRMAN. It was up to the time of the production of beet sugar?

Mr. PLACÉ. Yes, sir.

The CHAIRMAN. And the difficulty as to the sugar business in Cuba arises from the enormous quantity of beet sugar produced in Europe, does it not?

Mr. PLACÉ. Yes, sir; yes, sir; and they have had better government, more facilities, and more help than we have had in Cuba for the last twenty-five or thirty years.

The CHAIRMAN. And of course that difficulty will continue unless we have a large tariff against that sugar, and make Cuban sugar free?

Mr. PLACÉ. Yes, sir.

The CHAIRMAN. So that if Cuban sugar is free it will make Cuba prosperous?

Mr. PLACÉ. Yes, sir; very prosperous, and you people very happy. [Laughter.]

Mr. TAWNEY. I would like to ask the gentleman a question. Upon what do you base your conclusion as to the relative benefit to Cuba and the United States of free trade? Are you governed at all by our experience when you had free sugar into the United States?

Mr. PLACÉ. The amount of trade—

Mr. TAWNEY. One moment. You had free sugar into the United States for five years.

Mr. PLACÉ. Oh, no; not so long as that. I wish we had it.

Mr. TAWNEY. Very well; it was from 1891 to 1894, inclusive.

Mr. PLACÉ. Yes, sir; until the 24th of July, 1894.

Mr. TAWNEY. Now, for five years, from 1891 to 1895, you exported to Spain \$24,750,000 worth of merchandise annually.

Mr. PLACÉ. And to the United States we exported about \$82,000,000 per year.

Mr. TAWNEY. And to the United States an average of \$17,400,000, annually, according to the statistics. That is all.

Mr. PLACÉ. Seventeen million dollars?

Mr. TAWNEY. Yes.

Mr. PLACÉ. During one year?

Mr. TAWNEY. There was an annual average of imports into Cuba from the United States of only \$17,400,000.

Mr. PLACÉ. I can not explain those figures. You must mean imported.

Mr. TAWNEY. For five years, from 1891 to 1895, you bought from Spain an annual average of \$24,750,000?

Mr. PLACÉ. Yes, sir; that is right.

Mr. TAWNEY. And you bought from the United States \$17,400,000?

Mr. PLACÉ. That was before reciprocity.

Mr. TAWNEY. No; that was during reciprocity.

Mr. PLACÉ. No; excuse me.

Mr. TAWNEY. From 1891 to 1895?

Mr. PLACÉ. No; excuse me, sir. In 1891 we bought from the United States, according to your figures, \$23,000,000 to \$24,000,000. I say that is according to your figures. According to your custom-house figures they were cleared for one-half, one-third, and many of them for one-tenth of their value. The trade between the United States and Cuba during the period of reciprocity was over \$40,000,000 to \$45,000,000 per year, while you only have \$23,000,000 or \$24,000,000.

Mr. TAWNEY. That is, you bought from us—

Mr. PLACÉ (interrupting). Between \$40,000,000 and \$45,000,000.

Mr. TAWNEY. From 1891 to 1895?

Mr. PLACÉ. Each year; yes, sir—not the two years; each year.

Mr. TAWNEY. Each year?

Mr. PLACÉ. Yes, sir.

Mr. TAWNEY. Well, the statistics do not show that.

Mr. PLACÉ. No, sir; how can they do it? We only pay 1 per cent on machinery in Cuba, and machinery worth \$10,000 was not carried in your custom-house at \$10,000, but \$2,000. So we paid duty on \$2,000. That is the reason the statistics can not be right.

Mr. METCALF. How do you do it?

Mr. PLACÉ. We do it very easily. We do it so easily that you can see yourself that with less trade to-day than we had six or seven years ago, still our custom-house revenues are \$15,000,000 to \$16,000,000 per year, and with the duties charged them they ought to have produced \$30,000,000, although the customs revenues from them only amounted to \$12,000,000. Now, you will find out how the papers were made.

Mr. METCALF. What are you purchasing at the present time from Spain?

Mr. PLACÉ. We purchase from Spain wine, oil, cotton goods, and shoes in very large quantities. We are importing from Spain to-day \$1,000,000 to \$1,100,000 per month, and Spain is buying from us from \$25,000 to \$50,000 per month.

Mr. METCALF. What are you importing from the United States?

Mr. PLACÉ. We are importing from the United States the same things as we were importing before.

Mr. METCALF. What are they?

Mr. PLACÉ. Oats, bran, hay, bacon, lard—the same things that we imported before. The manufacturers of the United States have not gained any ground in Cuba.

Mr. METCALF. That is, you are simply taking from this country what you can not purchase from other countries?

Mr. PLACÉ. Yes, sir; we are taking the money we get from you and going to Europe to spend it. You buy seven-eighths of our products, and we buy from you one-third of what we consume.

Mr. ROBERTSON. How much rice do you consume annually in Cuba?

Mr. PLACÉ. We consume \$3,000,000 per year now; we would consume from \$4,000,000 to \$4,200,000 under ordinary circumstances.

Mr. ROBERTSON. Is that rice the food of the common people?

Mr. PLACÉ. Yes, sir; of everybody. We put it on our table twice a day.

Mr. ROBERTSON. What is the quality of the rice?

Mr. PLACÉ. The rice is a very poor rice. It is rice from Saigon, from Calcutta, and the East Indies; and it comes to us through Bremen, Hamburg, Liverpool, Havre, and Antwerp.

Mr. MCCLELLAN. It is evidently not rice from Louisiana.

Mr. PLACÉ. My dear sir, I wish it was; because Louisiana rice is magnificent. [Laughter.]

The CHAIRMAN. What is the duty on rice?

Mr. PLACÉ. The duty on rice to-day is \$1 a hundred kilos.

Mr. ROBERTSON. I would like to get at this question a little further.

Mr. PLACÉ. I am at your service.

Mr. ROBERTSON. What is the price, per pound, of the rice that you import; do you know?

Mr. PLACÉ. The duty on rice is one-half cent a pound to-day. We pay \$1 on a hundred kilos. The price of rice in Cuba is from 3½ to 5 cents a pound.

Mr. ROBERTSON. It will be impossible for us, in Louisiana, to compete with those prices.

Mr. PLACÉ. No, it will not be possible with the duty of \$1 a hundred kilos. The duty ought to be raised to what it was before.

Mr. ROBERTSON. That is, it ought to be free for us?

Mr. PLACÉ. Yes; although I understand you have not rice enough to supply your own country.

Mr. ROBERTSON. Yes, we have. We are exporting rice now.

Mr. PLACÉ. To Porto Rico?

Mr. ROBERTSON. Yes; we export it to Porto Rico and elsewhere.

Mr. PLACÉ. Inside of two years you will supply us with rice. You have no rice in the United States to-day because you have no market.

Mr. ROBERTSON. Yes, we have; but we can not compete with that market on account of the price.

Mr. PLACÉ. You can as soon as we put the duty on rice from foreign countries at \$3.40 a hundred kilos, as it was before.

Mr. ROBERTSON. You are going to put a prohibitive duty on it, then, which is another thing. We do not know what you are going to do.

Mr. PLACÉ. That was the duty before on rice from foreign countries.

Mr. TAWNEY. Did the system of undervaluation which you stated obtained from 1891 to 1895 with respect to goods coming from the United States apply to goods coming from other countries?

Mr. PLACÉ. From everywhere, sir.

Mr. TAWNEY. Then the ratio as to the difference between what you bought from Spain and the United States would be just as it appears from these statistics, would it not?

Mr. PLACÉ. During 1891 and 1892 we bought much more from the United States than from Spain, but Spain was free of duties, so there was no need to make any entries for those. On articles imported from the United States we had to pay duties, except on iron and some other articles that were on the free list. On all the rest we had to pay duties. Articles imported from Spain were free of duties.

Mr. TAWNEY. There was no duty on articles coming into Cuba from Spain?

Mr. PLACÉ. No, sir; the trade from Spain to Cuba was free, and from Cuba to Spain it was prohibitive.

Mr. TAWNEY. That was from 1891 to 1893?

Mr. PLACÉ. Until the 24th of July, 1894.

Mr. TAWNEY. From 1891 to 1894?

Mr. PLACÉ. Yes, sir.

STATEMENT OF F. B. THURBER, OF NEW YORK,

President of the United States Export Association.

Mr. THURBER. Mr. Chairman, I am interested in this subject primarily as a question of the good faith of the United States toward Cuba; second, to voice the interests of American producers and manufacturers, who, under proper conditions, would find a very valuable market in Cuba; and third, in the interest of American consumers of sugar.

For many years I was one of the largest distributors of sugar in the United States, and am familiar with that industry. For the past five years I have been president of the United States Export Association, whose object is to widen the market for American products, and

whose membership comprises leading houses in 98 principal lines of industry, situated in 34 States.

During the past year I have had occasion to make a special study of the tariff relations between Cuba and the United States, with the result of arriving at the belief that the greatest good to the greatest number of the people of both countries will be subserved by placing Cuba, so far as our tariff relations are concerned, as nearly as possible in the same basis as Porto Rico and Hawaii; and the same may be said of the Philippine Islands.

Strange as it may seem, the Dingley tariff imposes on the chief Cuban products—sugar and tobacco—a duty amounting to about 100 per cent, while on the dutiable products of all other countries imported into the United States it averages about 50 per cent. This is anomalous in itself, and is rendered still more so by our changed relations to Cuba, which virtually make her the ward of the nation.

She has accepted the Platt amendment, which imposes upon her duties and obligations which prevent her from making advantageous treaties with other countries, and, as stated by President Roosevelt, "Every consideration of duty and interest demands that Cuba should have liberal treatment at our hands." This is opposed by our domestic beet and cane sugar interests, who have been making enormous profits under the excessive protection afforded them by our present tariff. The beet-sugar interests are on record, over their own signatures, in a letter to their bankers, to the effect that they could prosper under absolute free trade, and it is estimated by good authorities that in factories favorably situated they have been making a profit of about 2 cents a pound, with a lesser margin in less favored localities. This they now bring forward as an argument why concessions should not be made in the tariff on Cuban products, which is somewhat like arguing that the tariff should be high enough to make the growing of bananas under glass profitable.

I am a Republican and a protectionist; but there is reason in all things, and I believe there should be a power above reasoning protectionists to say what is reasonable. The permanency of a protective tariff will largely depend on this, and I contend that it is short-sighted on the part of our protected industries not to recognize changed conditions, and that unless they are recognized there will come a ground swell of public opinion which will go to extremes on the other side and be disastrous to all of our industries. This was the view of William McKinley, who could not be considered an enemy of American industries.

It is especially shortsighted on the part of our domestic sugar growers not to be willing to make liberal concessions at the present time in the tariff on Cuban products. There is an influential element in Cuba to-day in favor of annexation to the United States. If this is strengthened by disastrous industrial conditions in Cuba, that day will be hastened; and with absolute free trade between Cuba and the United States our beet-sugar industries would be in the position of that man whose "last state was worse than the first," although it would unquestionably be a blessing to the consumers of sugar in the United States and our fruit growing, canning, and preserving industries, which would greatly develop and prosper with cheap sugar.

The representatives of the beet-sugar industry have industriously spread the report that the demand for reciprocity with Cuba was inspired by the sugar trust; that it had large investments in Cuban

plantations, and hoped, with free raw sugar, to break down our domestic sugar interests. I have made diligent inquiry as to the truth of this, and can not find that there is any truth in it, except, possibly, that some small individual stockholders in American sugar refining interests also own small amounts of stock in Cuban sugar plantations; but these same individuals are much more largely interested in Porto Rico and Hawaii, whose sugar comes in free of duty.

I am in no way interested in the sugar trust and am not disposed to believe that the human nature embodied in it is any better or worse than that embodied in our domestic beet and cane sugar industries, but it has certainly been less greedy in its margin of profit than our domestic sugar interests, for while they have been making from $1\frac{1}{2}$ to 2 cents a pound profit on sugar, refining interests have varied from a fourth to three-fourths cent a pound profit, averaging perhaps one-half since the formation of the sugar trust. In the early days of the sugar-refining industry the difference between raw and refined varied between 2 and 3 cents per pound. Now the average difference is perhaps 1 cent a pound, with an actual cost in the process of perhaps half a cent a pound, leaving a margin for profit of about one-half. This is doubtless the reason why under all tariffs, notably the McKinley, the Wilson, and the present Dingley tariff, our sugar-refining industries have been protected by a differential duty on refined sugar of perhaps one-half a cent per pound; and this, it should be remembered, inures as much to the protection of the beet-sugar interests as it does to our refining interests, for the beet-sugar manufacturers make refined sugar.

Now, as to what concession should be made to Cuba. I believe it would be to the interest of the Cubans, of American flour and provision interests, of American fruit canning and preserving interests, and of all American consumers of sugar if what the Cubans ask could be granted, viz, free raw sugar and one-half the present duties on tobacco and cigars. But if in your wisdom you think we can not go as far as that at this time, then the very least concession which should be made should be 50 per cent on all her products, and this, it should be remembered, would still leave her products subject to a duty equal to the average on the dutiable products received by us from all other countries. This would lower by one-half the high tariff wall which we have erected against our ward. And if she, in return, would establish a tariff averaging 50 per cent on her importations she could reciprocally reduce that one-half on her importations from the United States, and this would enable her merchants to buy all their supplies in the United States, three-fifths of which they now buy in Europe.

This would not violate the "most-favored-nation" clause in treaties with other countries, because no country could offer Cuba such inducements as we would offer her by such an arrangement. It would still give her sufficient revenue, because her present tariff, established by our War Department, only averages about 25 per cent. American products would still enter the Cuban market at the present rate. Hence we would get the trade, and a large and increasing trade, because with increased purchasing power on the part of her people Cuba would become one of our most important markets.

Mr. METCALF. I understand you to say, Mr. Thurber, that you are president of the United States Export Association?

Mr. THURBER. Yes, sir.

Mr. METCALF. Are you engaged in the other business?

Mr. THURBER. No, sir.

Mr. METCALF. Are you connected in any way at all with Mr. Have-meyer?

Mr. THURBER. No, sir.

Mr. METCALF. Do you receive any compensation from him?

Mr. THURBER. No, sir.

Mr. METCALF. Are you connected in any way with Mr. Atkins?

Mr. THURBER. No, sir; not in any way, shape, or manner.

Mr. METCALF. You have been sending circulars throughout the country on this question, have you not?

Mr. THURBER. I have, sir.

Mr. METCALF. And who has been paying for the sending of those circulars?

Mr. THURBER. The United States Export Association and the National Pure-Food Society, with which I am connected.

Mr. METCALF. And they authorized you to take this matter up and to send those circulars out.

Mr. THURBER. Yes, sir.

Mr. METCALF. By resolution?

Mr. THURBER. Yes, sir.

Mr. METCALF. Of the board of directors?

Mr. THURBER. The United States Export Association has done so.

Mr. METCALF. When was that resolution passed? Do you remember?

Mr. THURBER. About six weeks ago.

Mr. METCALF. That is all, so far as I am concerned.

Mr. THURBER. Thank you, gentlemen.

STATEMENT OF MR. HUGH KELLY, OF NEW YORK CITY,

Sugar merchant and planter of the West Indies.

Mr. KELLY. May it please the chairman and the committee, my name is Hugh Kelly, of New York. I am a native American; a merchant engaged in the foreign trade, and incidentally interested in one or two sugar plantations in Cuba.

The chairman, in announcing, this morning, the object of this meeting and the subject for discussion here, made the possibilities of the debate so broad and so generous that it is easy for me, favoring, as I do, the position which the Cubans take at this time, to regard the question from the standpoint of an American citizen. I have interests in Cuba; but I am first, in the discussion of this question (as I hope I am in the discussion of any question relating to the general good), an American; and I can set aside any interests that I may have in Cuba in order that we may discuss the wider and the better interests of our own people ahead of any other interests that may be presented.

If you want me to satisfy you on that point, I will tell you in the beginning that I am interested in the production of sugar in another island of the West Indies; that every word I say in behalf of Cuba or of liberal treatment of Cuba is a nail driven into the coffin of that interest, and that my interests in that other island are far larger than they are in Cuba.

The chairman has asked us, in discussing the question, to consider the recommendations made by the President of the United States and the Secretary of War in their recent messages, in the light, first, of the effect upon Cuba which reciprocal relations such as are proposed will have, and, second, the effect upon the people of the United States. For the purpose of discussing the thing fairly and intelligently I pro-

pose that we shall consider who are the people of the United States who are interested in this question.

There are, first, those who are present here in opposition to the scheme proposed by the Cuban delegation, who ask that practically free-trade relations, so far as sugar is concerned, shall be established between the United States and Cuba; and they suggest to us that if we will grant their petition in that regard they will establish such conditions in their own country as will give us practically the control of all their trade. In other words, Cuba asks us to buy from her that she may buy from us; and she tells us, in all good faith, that she can offer us trade to the extent of \$200,000,000 a year in exchange for the trade with which we will furnish her.

I have not any doubt at all that she will be able to fulfill that promise within five years. Our total export trade at the present time is, I think, in the neighborhood of one billion five hundred millions a year. Cuba says to us: "If you will put us in position to trade with you exclusively, we offer you more than one-tenth of your entire foreign trade." Cuba is a little island at our very door, and, under the conditions existing at the present time, she merits such relations between us and herself as exist between the States of Pennsylvania and New York, for example.

I am one of those who believe that the closer the trade relations between two countries, without trammels of any kind, the greater the opportunities for success and for enrichment on both sides. I think if any such condition as exists between Cuba and the United States to-day existed between the States of New York and Illinois, neither of those States would have progressed as they have done.

We are asked to consider the people of the United States with reference to this question. Let us, then, ask who are the people of the United States concerned?

First, there are those immediately concerned with the production of beet sugar in this country. Upon the hypothesis that one million and a half of people in Cuba have in one year produced 1,000,000 tons of sugar, and upon the statistics that during the year 1901 the United States produced 70,000 tons of beet sugar, it is fair to presume that 105,000 people in the United States are interested in the production of beet sugar in this country. I am willing to concede, even, that twice that number are so interested—in other words, that twice the number of people are actually engaged at this time in the beet-sugar business in this country who would be so engaged if the per capita relationship between production and population prevailed.

There are, then, 105,000 people directly interested in the production of beet sugar in the United States, out of a population of 18,000,000, or thirteen one-hundredths of 1 per cent. One-seventh of 1 per cent of the people of the United States were last year engaged and actively interested in the production of sugar. Ninety-nine and five-tenths of the people of the United States are interested in other matters which have a direct bearing upon this question; and I am going to ask this honorable committee to consider the interests which the 99 per cent have as against the 1 per cent.

If we concede that the production of beet sugar in this country for the coming year will be 150,000 tons (which is all, I think, that is claimed for it), then twenty-eight one-hundredths of 1 per cent of the people of the United States will be engaged in the beet-sugar business, as against 99½ per cent of the population of the United States engaged in other producing interests.

Cuba has said that she will offer us \$200,000,000 of business a year. I have not any doubt whatever that Cuba can do that. The prospect of what Cuba can do in the way of trade with the United States in the growth of the sugar business alone has been put into concrete shape at a recent time, and it shows that we may expect within the next five years, if the relations which Cuba suggests between this country and herself are carried out, a business of about \$125,000,000 in the development of her sugar business alone.

I am not afraid of, nor do I look with any fear upon, the prospect of the sugar business in Cuba amounting to 2,500,000 tons a year. It will mean very largely increased consumption of sugar in this country, a very large saving to the people of the United States for sugar, a very large increase in collateral manufacturing interests (which will mean the employment of a great deal more labor than is now employed in lines collateral to the sugar business), and in general a very largely increased benefit to all of our American manufacturing interests.

Questions have been propounded here to-day as to the cost of labor in the production of sugar throughout the world. From figures which I have at hand, which are the result of visits to various sugar-producing countries, I am able to tell this honorable committee that at the present time the cost of what we term the unskilled or roustabout labor engaged in the production of sugar in Cuba is from 90 cents to \$1.10 United States gold per day—that is, in my experience.

Inquiry made two years ago in Louisiana by myself, standing in the fields there, developed the fact that the cost of the same class of unskilled labor is from 60 to 75 cents per day.

The question has been asked what labor in the West was worth; and I have answered, in a general way, that it is not any higher than the price paid for labor in Cuba, and probably not so high. From wages paid in this country on the Atlantic coast, and from engagements made by contracting parties, it is fair to assume that farm labor in the West costs about \$15 a month and found, which would probably make it cost the farmer in the neighborhood of 80 to 90 cents a day, or about the same as the Cuban farmer pays for his labor.

The cost of producing sugars in Cuba and in the various producing countries has been inquired into; and I want to make some statements to-day based upon facts, and not upon hearsay.

An inquiry into the cost of producing sugar in Cuba for the last ten or twelve years shows that at all times up to the American occupation of Cuba—and this account includes the period from the year 1888 to the year 1895—the business of manufacturing sugar in Cuba was a profitable one. At all times since the close of the war in Cuba and down to the present time, the business of manufacturing sugar has been an unprofitable one. There is no relationship whatever between the occupation of Cuba and the beginning of an unprofitable period in the manufacture of sugar, however.

Mr. METCALF. How do you reconcile your statement with that of Mr. Atkins, which was that last year was a very profitable year with him?

Mr. KELLY. I do not know what the conditions were with Mr. Atkins, but I know that in the year 1901 it cost 2.16 cents to make a pound of sugar in Cuba at an establishment with which I am connected, and the net proceeds of that pound of sugar in the United States were 2.02 cents per pound. I do not know what Mr. Atkins's

circumstances were; they may have been especially good; but I know this from my own experience.

Mr. SWANSON. Those figures have been gotten from actual experience?

Mr. KELLY. From my own experience in the business; yes, sir.

Mr. LONG. How about Mr. Atkins's figures?

Mr. McCLELLAN. Mr. Atkins made the statement that he was possibly an exception, as he owned his own railroad and chartered his own ships.

Mr. SWANSON. You will print that statement with your remarks, will you not?

Mr. KELLY. How is that, sir?

Mr. SWANSON. These figures will be printed with your remarks, will they not?

Mr. KELLY. I have no objection to their being printed. I have no record at all to leave behind me.

With reference to the expansion of American trade in Cuba, I want to say that there is not a single thing employed in the equipment of a sugar house in Cuba to-day, either in the line of transportation, in the line of manufacture, or in the line of supplies, that will not go from the United States; and an increase in the sugar-producing capacity of Cuba within the next five or six years by, say, enough to make her output 2,500,000 tons per year will result in new trade to the people of the United States to the extent of something like \$124,000,000.

There is not an item in that whole amount that the people of the United States can not furnish. We produce everything in this country which goes to the equipment of a sugar house, and of a railroad, including cars and locomotives, and such supplies as oil, tools, and machinery of every kind; and there is no reason in the world why, with generous treatment of this sugar question by the people of the United States, we should not have every dollar's worth of that trade. In fact, we have the assertion of these gentlemen from Cuba that that trade will be ours; that they will give it to us; and for that reason I strongly urge, not in behalf of Cuba, because I am in favor of Cuba second, but in behalf of our own laboring people (and I am the son of a laboring man myself), that the most liberal treatment be accorded Cuba in the consideration of this question.

We have been told that beet sugars can be produced in this country at certain figures. At an interview in my office less than three weeks ago I was informed by a large producer of beet sugar in this country that they were prepared for this agitation; that they had made up their minds some time since that it must come; and he told me, with all the frankness in the world, knowing the position that I hold on this subject, that he was delivering granulated sugar—which is the refined sugar of commerce in this country—at his door at 3 cents a pound, and he proposed next year to deliver it at 2.85 cents per pound. And for the information of the gentlemen who are engaged in that business I have no hesitation in saying that that gentleman was Bishop Cutler, the president of the Utah Sugar Company, of Lehigh, Utah.

Under certain conditions, gentlemen, the cost of producing sugar the world over, outside of the beet interests of the United States, is in the neighborhood of 2½ cents a pound. That is the normal cost of producing sugar under normal conditions.

We have always believed that Europe set the pace for us in the mat-

ter of producing sugar. Europe sets the pace to-day; but sugars are not being produced in Europe to-day under normal conditions. Even the bounty, which has exerted such an influence in the distribution of European sugars for years past, has outlived its usefulness so far as the bounty itself could stimulate the production of sugars in Europe. To-day they have to supplement the bounty with a cartel—one of the most iniquitous combinations that has ever been foisted upon a people; and to-day the sugar consumer in Germany is being compelled to stand the cost of providing the whole world, so far as Germany and Austria can reach out throughout the world, with cheap sugars.

You may eat German and Austrian sugars in England at less than 2 cents per pound, but you must pay 8 cents per pound for those sugars in Germany. You may eat French sugar in England for 2 cents per pound, but you must pay 10 cents per pound for that sugar in France.

No such condition as that prevails in the United States. Upon an investigation, made within a day or two, I discovered that more than three-fourths of the sugar produced throughout the world is produced under conditions somewhat similar to those I have described. There is either a bounty, supplemented by a cartel, or there is a prohibitive duty, or there are other conditions or combinations which make it possible for countries to protect themselves against the outside world in the matter of sugar.

But Cuba has nobody to look to but the United States; and Cuba asks you to take her into your economic system, to make her your ward in fact as she is indeed to-day, because you have limited her treaty-making powers with any other country. Cuba can not go out on the face of the earth to-day and ask England or France or Germany or Italy or anybody else to take her in. She is not at liberty to make a treaty of commerce of any kind with those countries. She comes before you to-day saying, "You have tied me hand and foot; treat me at least as I think I ought to be treated, as common justice demands that I should be treated, and let me show you how I can in return requite you for treating me as liberally as I believe I ought to be treated. Make my trade yours, and I will make your trade mine in return."

The CHAIRMAN. Do you allude to the Platt amendment when you say that she is not at liberty to make a commercial treaty with any other country?

Mr. KELLY. Yes, sir.

The CHAIRMAN. Do you believe that that would cover or prohibit a commercial treaty with any country?

Mr. KELLY. I do. I think the treaty-making power and the debt-creating power of Cuba are absolutely limited by the Platt amendment.

The CHAIRMAN. I do not so understand the force of the Platt amendment.

Mr. KELLY. I would not presume to discuss the question with the Chairman, but I think that is the understanding generally in Cuba as well as here.

The CHAIRMAN. I am not discussing it, you know; I was simply giving you my own ideas about it.

Mr. KELLY. I would not presume to discuss it with you, Mr. Chairman.

Mr. ROBERTSON. You stated a little while ago, Mr. Kelly, that you were interested in sugar in some other island, I believe?

Mr. KELLY. Yes, sir.

Mr. ROBERTSON. What is that?

Mr. KELLY. That is the Republic of Santo Domingo, in the West Indies, immediately adjoining Cuba, lying between Cuba and Porto Rico.

Mr. ROBERTSON. You say that by taking the position you do, you drive a nail into the coffin of your interests in the sugar industry in that island?

Mr. KELLY. I have done so, sir.

Mr. ROBERTSON. What would be the difference between the sugar industry in the United States and the sugar industry in Santo Domingo?

Mr. KELLY. In the result?

Mr. ROBERTSON. If it will kill the sugar industry in Santo Domingo, what will be the effect of it in the United States?

Mr. KELLY. Why, the United States will not have a duty of \$1.68 per 100 pounds to pay, while Santo Domingo will. The difference will be just 1.7 cents per pound. That difference will kill the business in Santo Domingo.

Mr. ROBERTSON. What would be the effect of it in Louisiana?

Mr. KELLY. To-day, Mr. Chairman, I think I may say without fear of contradiction that the larger proportion of the sugar houses in Louisiana are refineries. They are producing and delivering at their doors and distributing the finished product for consumption. They are not of the type of houses of which we are speaking in Cuba or in Santo Domingo. They are not engaged in that business. The Cuban committee does not propose that it shall bring to the United States sugars which are the sugars of commerce in this country.

Mr. ROBERTSON. A good many of them have large factories, making sugars that are afterwards refined by the trust.

Mr. KELLY. Which are those, please—in Louisiana?

Mr. ROBERTSON. Yes, sir.

Mr. KELLY. There are something like 275 sugar houses in the State of Louisiana; and, Mr. Chairman, there is no excuse whatever for the existence of more than 25 or 30 of them. I say that with all frankness.

Mr. ROBERTSON. That is your opinion?

Mr. KELLY. That is my opinion; yes, sir.

Mr. ROBERTSON. Now, I want to ask you another thing.

Mr. KELLY. I do not mean that because of their production, Mr. Chairman.

Mr. ROBERTSON. In making your calculation a little while ago as to the number of people engaged in sugar cultivation and production in the United States, you only included the beet-sugar industry—did you not?

Mr. KELLY. That is right; because that is the one that is held up most prominently, sir.

Mr. ROBERTSON. Yes; but you must understand that we produce twice as much sugar in Louisiana as the beet-sugar people produce.

Mr. KELLY. I do, sir; but you are not looking forward to any increase in Louisiana?

Mr. ROBERTSON. Yes; we are, sir—entirely and all the time.

Mr. KELLY. Well, sir, in the year 1861 the State of Louisiana produced 235,000 tons of sugar. The average production of sugar in the State of Louisiana for the last ten years has been 216,000 tons per annum. Forty years have tended to produce an average crop in Loui-

siana of 19,000 tons less than she produced in 1861. It would appear to me, therefore, that the limit has been reached in Louisiana.

Mr. ROBERTSON. In 1861 she produced none; but I am not going to argue that question, Mr. Chairman.

SEVERAL MEMBERS. That can not be right.

The CHAIRMAN. Let him correct that, Mr. Robertson. What did you mean to say about the production of sugar, Mr. Kelly?

Mr. KELLY. I say that the output of sugar in Louisiana in 1861 was 235,586 tons. The average output of sugar in Louisiana for the last ten years was 216,779 tons per annum.

The CHAIRMAN. You said 235,000 in 1861, did you not?

Mr. KELLY. Two hundred and thirty-five thousand five hundred and eighty-six tons was the output in Louisiana for the year 1861. Forty years later (taking the last ten years, which have been ten years of the highest production in all her history) she has put out an average of 216,779 tons per annum. So that after forty years her output is 19,000 tons per annum less than it was in 1861; and I hold that the limit of production must have been reached in Louisiana if that is the case.

Mr. ROBERTSON. What would be the effect on that production of free sugar in Cuba?

Mr. KELLY. I can only answer that question by making another statement. The people making up the Gramercy Sugar Company in Louisiana have recently gone to Cuba and bought a very large property and paid a very handsome figure for it, intending to hitch it up with their property; and they propose to refine Cuban sugars in Louisiana.

Mr. ROBERTSON. Well, that company belongs to the sugar trust and Mr. Havemeyer, or is connected with them in some way.

Mr. KELLY. In no way, whatever, sir; I think I can safely make that assertion. I do not know Mr. Havemeyer—that is, I do not know him intimately. I do not own a share of American Sugar Refining Company's stock, or any other stock that is in any way related with this question; and I tell you that Mr. Havemeyer—

Mr. ROBERTSON. I am not speaking of that; I am talking about the Gramercy Sugar Company.

Mr. KELLY. You have made the statement that Mr. Havemeyer is connected with that company.

Mr. ROBERTSON. I say I do not know; but probably so.

Mr. KELLY. I want to say that I do not think he is. The head of that establishment is Mr. Spellman, of New Orleans; and I think the Illinois Central Railroad is behind the enterprise.

Mr. ROBERTSON. That is it—the Illinois Central Railroad.

Mr. KELLY. I do not think Mr. Havemeyer has anything to do with it.

Mr. ROBERTSON. I want to get back to what I first said. In making your calculation as to the number of people employed in the production of sugar in this country you only referred to beet sugar, did you not?

Mr. KELLY. That was all, sir.

Mr. ROBERTSON. I want to state to you right here that there are five hundred thousand people in the State of Louisiana who are dependent, directly and indirectly, upon that industry, and there are \$100,000,000 of capital invested in it in that State.

Mr. KELLY. I accept that statement, and tell you that with all that there are less than 1 per cent of the people of the United States interested in the business.

Mr. ROBERTSON. Let me ask you this question: How many tons per acre do you produce in Cuba?

Mr. KELLY. Do you mean how many tons of sugar or of cane?

Mr. ROBERTSON. Of cane.

Mr. KELLY. I think the average will be 20 tons per acre, sir.

Mr. ROBERTSON. How many acres can one man cultivate and attend to, growing there, as it does, without much cultivation?

Mr. KELLY. I can not answer that question, sir.

Mr. ROBERTSON. You do not know?

Mr. KELLY. No, sir.

Mr. ROBERTSON. Could you get that information?

Mr. KELLY. I think possibly I could get it; yes.

Mr. ROBERTSON. I would like very much to have it. How many acres have you there?

Mr. KELLY. The Santa Teresa Sugar Company, with which I am connected, has altogether about 9,000 acres of land, of which less than 4,000 are under cultivation.

Mr. ROBERTSON. How many laborers does it take to cultivate that amount of land?

Mr. KELLY. I am not very familiar with the accounts, because my business is at this end and not at the other. I am not in close relations with the business in that sense; but I should say that in the neighborhood of a thousand to twelve hundred men are dependent upon that place.

Mr. ROBERTSON. You refer to men who actually work on the place?

Mr. KELLY. Yes; men and boys working on the place.

Mr. ROBERTSON. It takes that many to cultivate that land, does it?

Mr. KELLY. Yes.

Mr. ROBERTSON. That is about one man to 4 acres.

Mr. KELLY. I think there are about a thousand families dependent on that place.

Mr. ROBERTSON. How many are there actually engaged in the cultivation?

Mr. KELLY. I should say in the neighborhood of a thousand men.

Mr. ROBERTSON. How many acres?

Mr. KELLY. A little less than 4,000.

Mr. ROBERTSON. Each man, then, could attend to about 4 or 5 acres?

Mr. KELLY. Well, I do not like to make that statement specifically, because I am not familiar with the working of that part of the business.

Mr. ROBERTSON. I would like you to get that information, if you can.

Mr. KELLY. If it is important to have it I can get it for you, Mr. Chairman.

Mr. ROBERTSON. How much sugar a ton do you get from your cane?

Mr. KELLY. Generally we calculate it at 10 per cent, sir; 10 pounds of sugar from a hundred pounds of cane, in the proportion of about 9 pounds of first sugar and 1 pound of second sugar.

Mr. ROBERTSON. How much would that be per ton of all grades of sugar?

Mr. KELLY. How much value?

Mr. ROBERTSON. Yes.

Mr. KELLY. Per ton of cane?

Mr. ROBERTSON. Yes; what will it sell for?

Mr. KELLY. Two hundred pounds of sugar to-day are worth, to the planter in Cuba, not much over a cent and three-tenths per pound, or a cent and four-tenths at the outside, which would mean about \$2.80, sir.

Mr. ROBERTSON. Do you mean, by a ton our ton of 2,000 pounds?

Mr. KELLY. I have been in the habit of making all my calculations upon the basis of 2,000 pounds; yes, sir.

Mr. ROBERTSON. All right; thank you, sir.

Mr. SWANSON. Have you been to Cuba very recently, Mr. Kelly?

Mr. KELLY. I have been in Cuba not later than last March, sir. I came back from my last trip last March.

Mr. SWANSON. Do you think the sentiment of the people of Cuba would be thoroughly in accord with the provision here of mutual concessions on all importations from the United States and from Cuba? Would there be no conflict of sentiment there among those people?

Mr. KELLY. I am satisfied, from intimate relationship with the people of Cuba, and more especially from having canvassed the subject with intelligent men, that the Cuban people are prepared to throw themselves into the arms of the United States, and give them anything they want in exchange for relief from their present distress. The United States may dictate the terms, I believe, to-day. The Cuban people come here and ask for relief from their present distress, and the Government of the United States may dictate its own terms in exchange for them. They are prepared to give you anything you want, I believe.

Mr. SWANSON. Let me ask you this question: What would be the conditions there if they should establish reciprocal relations and more or less eliminate any tariff, so that Cuba would really collect no revenues from her tariff to defray the expenses of the government, and then they should impose internal revenue or direct taxation there? What would be the sentiment of the Cuban people in that state of affairs?

Mr. KELLY. I think they would agree to it without murmur, without hesitation. In fact, there is a direct tax now; there is a direct tax paid in Cuba to-day. There is a tax upon property paid in Cuba to-day; and it is paid without demur and without any trouble, so far as I know.

Mr. SWANSON. You think no trouble would arise from creating a condition of that kind?

Mr. KELLY. Absolutely none. I think that when people are prosperous and able to pay taxes, as a general thing they pay them. They pay them willingly; they pay them gladly.

Mr. METCALF. The laboring classes are prosperous there now, are they not?

Mr. KELLY. They will be prosperous so long as the sugar industry thrives, but no longer.

Mr. METCALF. I understand you have not enough labor in Cuba to-day to harvest your present crop.

Mr. KELLY. That is true.

Mr. METCALF. And you are paying, on an average, about \$23.50 a month for labor?

Mr. KELLY. We are paying more in some cases. In our end of the island we are paying an average of \$30 a month.

Mr. METCALF. That is simply for the field hands?

Mr. KELLY. That is for the cheapest form of labor we have. All the skilled labor employed in the production of sugar comes from the United States. All of the engineers, the sugar boilers, the chemists, and other men of higher intelligence are American labor at the present time; and they are paid very largely increased wages over what they can earn in the United States.

Mr. METCALF. Does this \$30 a month, or whatever you pay, include board?

Mr. KELLY. Oh, no. They board themselves with us. We do not board them.

Mr. METCALF. Does it include lodging?

Mr. KELLY. The Cuban laborer does not want much in the way of lodging. He sleeps beside his work most of the time. He travels with a hammock.

Mr. METCALF. Can you tell me about how many men are employed in the actual tilling of the soil in Cuba, on all of these plantations, on a rough estimate?

Mr. KELLY. I estimated it at one time, for my own guidance, basing my estimate merely upon statistics. I figured, as nearly as I could tell, that about 300,000 of the population of Cuba out of a million and a half before the outbreak of the revolution were producers. That is, that calculation was based upon a population of a million and a half, or thereabouts. Say something like twenty or thirty thousand were military men; and then, the Cuban family being a large one, assuming that the average family consisted of five, I assumed that one fifth of the population might be working, laboring men; and I think I figured it out somewhere near right.

Mr. METCALF. How many acres are under cultivation at the present time?

Mr. KELLY. In the sugar business?

Mr. METCALF. Yes.

Mr. KELLY. If you will allow me to make a mental calculation, I think I can tell you approximately. A crop of 800,000 tons would mean the production of 800,000,000 tons of cane; and if somebody will divide 800,000,000 by 25 you will get approximately the number of acres. I should say three hundred and odd thousand acres. Is not that about right? Between 300,000 and 400,000 acres, roughly speaking, are in cane itself. Then you have got to add about one-third to that for roads and fire lanes between the cane fields, and so on.

Mr. METCALF. Have you not made a mistake in respect to the number of individuals, in saying that 300,000 of the population were producers, actively engaged in the tilling of the soil, and about 30,000 military men?

Mr. KELLY. The two calculations were made at different periods.

Mr. METCALF. I simply wanted to call your attention to that.

Mr. KELLY. The other calculation was made some time ago. I explained to you how I got the calculation about the number of men employed. I do not think there had ever been a census taken in Cuba prior to the one taken by the United States Government in 1899. There was no means of knowing exactly what the number of people engaged in the different occupations was; but I told you that Cuba produced at that time a million tons of sugar, or thereabouts; that the

population was generally believed to be about a million and a half; that ten or fifteen thousand of those were military men.

I deemed the average Cuban family to be about five, or perhaps a little larger—one husband, one wife and three children. Therefore the husband, the head of the family, would be one in five of an entire population of 1,500,000, or, say, 300,000 working men of producing population. They were not all in the sugar business, you know. There were no statistics kept; there was no census; so there was no means of knowing exactly. It is a mere guess.

Mr. McCLELLAN. What do you think of this drawback proposition? Do you think that would afford any relief to Cuba?

Mr. KELLY. Well, sir, the needs of Cuba are so pressing and the custom of the United States in paying drawbacks is so long delayed that Cuba would starve before the first drawback was paid, even if that process were introduced or carried out. I do not believe in it, anyhow. I do not think it is the correct system to adopt.

Mr. SWANSON. What is the feeling in Cuba with reference to annexation?

Mr. KELLY. I am not in such a good position to determine that as other people would be. I think the Cubans take a natural pride in what they have done for a good many years past and would like to feel what it means to be independent. I do not want you to understand from that that I urge the independence of Cuba, or that I take any stand whatever with reference to the political future of Cuba. I think that they would like to feel that they were independent; but I am of the opinion that if the attitude of the United States toward her with regard to the tariff is much longer continued as it is, Cuba will declare herself very quickly, and declare herself in favor of annexation to the United States; and, if I may be pardoned for taking the liberty of saying so, I do not think the sentiment of the people of the United States in that regard can be withstood for many days.

Mr. McCLELLAN. You think, in other words, that she would come voluntarily rather than be starved into it?

Mr. KELLY. She is compelled to do it.

Mr. GROSVENOR. Do you not think it would be better not to afford her this relief, then.

Mr. KELLY. I decline to express any opinion with reference to the future.

Mr. COOPER. I was speaking to a gentleman here, and did not get the benefit of your statement. I would like to ask you who will be the beneficiaries in the event that Congress provides for free trade with Cuba?

Mr. KELLY. Primarily the man who will achieve the greatest benefit from it will be the small farmer and the producer.

Mr. COOPER. Where?

Mr. KELLY. In Cuba. He will be the man to whose land and to whose labor and to whose product you give an added value, that addition being made by the reduction which you make in the duties. If you want a concrete example of that, take the case in Porto Rico. Cane in Porto Rico to-day, 90 per cent of the cost of producing which is labor, is worth nearly \$6 per ton, or it was on the basis of last year's prices. The same cane in Cuba to-day, on the basis of 6 per cent of its weight in sugar, or 120 pounds, at a cent and a quarter a pound, is worth less

than \$2 per ton. There is a concrete example. Two years ago cane in Porto Rico was worth no more than it was in Cuba. To-day it is worth between \$5 and \$6 per ton, and cane in Cuba is worth less than \$2 per ton.

Mr. COOPER. How will the American consumer be benefited?

Mr. KELLY. Until the production of American sugar (and when I say American sugar I mean sugar grown under American auspices—that is, without the payment of duty in the United States) becomes so great as to furnish us with all of the sugar required the consumer will be compelled to bear a portion of the duty charged on the sugar from other countries; but the immediate benefit of any reduced duty on Cuban sugars will go to the Cubans.

Mr. COOPER. Well, will the refineries get the most benefit of it?

Mr. KELLY. The business of refining sugar in the United States, as I have been able to understand it, is practically a toll business. They buy sugar at a certain price and they sell refined sugar at a certain price; and you will find that no matter what the duty is, the difference between the two has invariably been, since the formation of these large combinations, in the neighborhood of 1 cent per pound; and it is generally understood in the trade that about half of that is the cost of manufacture and distribution and the other half is profit. That is what we understand in the trade. But I do not care what is done in reference to duties, whether the duties are made 5 cents a pound or whether sugar is made duty free, the refining margin, the difference between the raw sugar and the refined product which is distributed for consumption in this country, will be about the same.

If standard raw sugar is selling at $2\frac{1}{2}$ cents per pound, then granulated sugars will sell at $3\frac{1}{2}$ cents per pound. If raw sugars cost, because of a duty, $3\frac{1}{2}$ cents a pound, then standard granulated sugar (the sugar of consumption) will cost about $4\frac{1}{2}$ cents a pound. So far as I am able to see, there is absolutely no advantage whatever accruing to the American Sugar Refining Company out of any action which this honorable body or the Government of the United States may take with reference to Cuban sugars.

The CHAIRMAN. Do they not take a different view of it?

Mr. KELLY. Who?

The CHAIRMAN. Mr. Havemeyer. Did he not, in his testimony before the Industrial Commission, speak in favor of free raw sugar?

Mr. KELLY. As I recollect the circumstances, Mr. Havemeyer appeared before that Commission and read a paper.

The CHAIRMAN. He also answered questions.

Mr. KELLY. The fact that he read that paper is what prevented me from preparing a paper to read today. [Laughter.]

The CHAIRMAN. You do not remember whether he favored taking off all the duty on raw sugar or not?

Mr. KELLY. I do not recall any testimony that Mr. Havemeyer gave at that time.

Mr. TAWNEY. Mr. Kelly, how many tons of sugar per acre are produced in Cuba?

Mr. KELLY. Well, if a field will yield 25 tons of cane per acre, that cane will yield about $2\frac{1}{2}$ tons of sugar.

Mr. TAWNEY. Two and a half tons of sugar?

Mr. KELLY. About that, yes, sir; say 10 per cent. We generally calculate 10 per cent of the weight of the cane in finished product.

Mr. TAWNEY. It would mean, then, a bounty of about \$60 per acre on every acre of available sugar land in Cuba if you took off the duty?

Mr. KELLY. Yes; two and a half tons. The duty is nearly \$34 per ton.

Mr. TAWNEY. It would increase the value of the land, then, about \$75 per acre?

Mr. KELLY. Yes, sir.

Mr. McCLELLAN. That is assuming that the price of sugar does not fall?

Mr. KELLY. That is assuming a price of about 2½ cents per pound for sugar.

Mr. TAWNEY. In an article which you have published here you say the area is about the size of the State of New York.

Mr. KELLY. I think that is approximately true.

Mr. TAWNEY. And that only about one-fifth of the area is yet scratched.

Mr. KELLY. That is the understanding, generally.

Mr. TAWNEY. Do you know what percentage of the available sugar land is now under cultivation there?

Mr. KELLY. I have no means of knowing, sir.

Mr. NEWLANDS. I understood you to say that the free importations of Cuban sugar meant nothing to the sugar refiners?

Mr. KELLY. That is my belief, sir.

Mr. NEWLANDS. Is it not a fact that the sugar refiners fear the competition of the beet-sugar producers and refiners for the reason that it takes away that much business in the way of refining from them?

Mr. KELLY. I am not a sugar refiner.

Mr. NEWLANDS. And is it not a fact that they want to promote the introduction of cane sugar into this country in order to increase the number of tons of cane sugar that they will refine?

Mr. KELLY. I am not a sugar refiner, sir, and I can not answer that question.

Mr. NEWLANDS. Do you not think there is that advantage to them?

Mr. KELLY. Do you suppose there is any danger of that when the entire beet-sugar production in the United States last year was only 70,000 tons, while the average production per day for three hundred and sixty days was, say, nearly 70,000 tons?

Mr. NEWLANDS. All I know is that the sugar refineries are apparently endeavoring to destroy the beet-sugar industry by importing sugar into their districts and selling it below the general cost throughout the country.

Mr. KELLY. I can not see that there is any reason why they should do that, when the beet-sugar industry last year only put out sugar enough for one day's consumption in this country. We consume nearly 70,000 tons per day in the United States, and that consumption is increasing at the rate of nearly 7 per cent per annum; and the beet-sugar interests of the United States last year produced about 70,000 tons, as nearly as I have the figures. In other words, they produce sugar enough to furnish the United States with twenty-four hours' consumption.

Mr. GROSVENOR. How much do you say the consumption of the United States is per annum?

Mr. KELLY. Two million three hundred and odd thousand tons, and it is increasing, upon the present basis of value, at the rate of nearly per cent per annum.

Mr. GROSVENOR. How much is the production of beet sugar?

Mr. KELLY. It was 70,000 tons last year, and it is estimated that this year it will be about 150,000 tons.

Mr. ROBERTSON. It has doubled in one year, then.

Mr. GROSVENOR. Do you mean that we consume an amount of sugar equal to the whole beet production in a day?

Mr. KELLY. Very nearly, sir. You can make the figures. There are three hundred and sixty-five days in a year. We consume, say, 2,300,000 tons. If you divide that, it will give you somewhere between 60,000 and 70,000 tons.

Mr. GROSVENOR. Then in ten days we would consume 700,000 tons?

Mr. KELLY. We do that, sir.

Mr. GROSVENOR. And in a hundred we would consume 7,000,000 tons?

Mr. KELLY. Oh, no; no.

Mr. GROSVENOR. That is what it would be. You have given the figures yourself.

Mr. KELLY. Perhaps my figures are wrong. My calculations are made in my mind as I go along. I will withdraw my statement in that respect; the amount is ten times too great. We consume 7,000 tons a day instead of 70,000. In other words, the output of beet sugar is a week's consumption.

Mr. GROSVENOR. Then, according to that, we only produce a week's consumption of beet sugar?

Mr. KELLY. Yes, sir; that is all.

Mr. COOPER. We produce more beet sugar than we do cane sugar, then?

Mr. KELLY. Oh, no; you do not. The cane-sugar production of the United States is about 300,000 tons.

Mr. COOPER. And how much is the production of beet sugar?

Mr. KELLY. Seventy thousand.

The CHAIRMAN. You can figure that out and put it in the report of your testimony.

Mr. KELLY. The Chairman understands I withdraw the remark I made before.

Mr. GROSVENOR. Put it in the original statement just as you want it to appear; just correct it in that respect.

The CHAIRMAN. Take your time to figure it out.

Mr. KELLY. I will do that later on.

STATEMENT OF MR. WILLIAM R. CORWINE,

Representing the Merchants' Association of New York.

The CHAIRMAN. You are on the same side as Mr. Kelly, Mr. Corwine?

Mr. CORWINE. Yes, sir.

I am here, Mr. Chairman, by instruction of the officers and directors of the Merchants' Association of New York, who met yesterday, asking me to file with this committee a copy of the preamble and resolutions adopted by the board of directors bearing upon this subject, praying for the establishment of reciprocal arrangements with Cuba.

The fact that the committee is taking the subject up and has given it such earnest study, and is taking testimony from men far more capable of testifying upon the details than I, makes it, it seems to me,

unnecessary for me to do anything but carry out my particular mission, which is simply, pro forma, to file with you these resolutions (see Appendix, page 549), and to read to you a cable which, to my surprise, came to me yesterday at the office from the president of the Matanzas Board of Merchants. I do not know the man; I never heard of him in my life before. This cablegram came via the Western Union. It was dated January 13, and I found it under my desk yesterday morning. If you will allow me, I will file it. It says:

Immediate relief to Cuba situation absolutely necessary. Your most energetic cooperation solicited. Condition of affairs so serious prompt solution has become a question of humanity.

(Signed)

BEA,
President Matanzas Board of Merchants.

Since I came over I have received three telegrams, which, with your permission, I will read. One is from John Claflin, the president of the H. B. Claflin Company, which concern is probably known to most of you as being a very large one. It is a dry goods concern, whose representatives have been trying to increase the sale of certain classes of American goods in Cuba, and rather unsuccessfully. Mr. Claflin telegraphs me:

Absolutely necessary something should be done for Cuba immediately. Don't leave any stone unturned in promoting quick action.

That, with your permission, I will file; and also one from Mr. John C. Eames, who is the second vice-president and general manager of the same corporation, and who is also secretary and one of the directors of the Merchants' Association. He telegraphs:

You have my hearty support and cooperation in your mission to Washington. Absolutely necessary that something be done immediately in the way of reciprocity with Cuba, not only for her sake, but for the manufacturing interests of this country.

JOHN C. EAMES.

And one more, signed by a man I do not know, W. B. Fuller, and addressed to me at Washington:

The entire business community of this city are, irrespective of party, deeply interested in securing reciprocal relations with Cuba.

How far he is able to speak I do not know.

Mr. ROBERTSON. Where is that from?

Mr. CORWINE. 250 West Eighty-second street, New York City. It is a night message, dated January 14, which was yesterday. These three telegrams and this cablegram came this morning, Mr. Chairman.

Beyond the fact that we are interested simply as merchants, not as specialists, not having any representatives on the board of directors directly connected with Cuba or any of the direct Cuban interests, I have nothing to say except to express the united belief of the board, based upon their knowledge of current conditions as studied through the public press and the messages of the high officials of the country, that something ought to be done, and done as speedily as possible, to relieve the situation. And, as I said in the beginning, as you gentlemen are attempting to solve this very serious proposition in an open way by the taking of testimony, I do not think it necessary for me to say anything further, but simply to thank you for your courtesy.

The CHAIRMAN. I suppose all of these gentlemen you represent will be interested in developing an export trade with Cuba?

Mr. CORWINE. Nearly all of them, sir; yes, sir. Allow me to explain to you that the Merchants' Association is a commercial body, composed

of about 1,200 merchants and men of collateral business interests in New York. There are some bankers, some transportation men, and some shipping men; but they are principally merchants. Included in the merchants are jobbers, commission men, manufacturers, and importers. The board of directors is made up of fifteen gentlemen, who are elected by the full membership each year, and who take up and pass upon such questions as they may think necessary in the pursuit of the work of the association affecting the interests of the city, the State, and the country.

We have a nonresident membership of merchants throughout the country, aggregating something like 35,000 in round numbers, and after these resolutions were adopted by the board (which was on the 5th of December, 1901) copies were sent to every member of the Merchants' Association resident in New York, and to all these nonresident members throughout the country, under direct instructions from the board of directors. We have received but one reply from all that local membership criticizing the position that the directors assumed—one out of twelve hundred—and we have received no criticisms from the 35,000 merchants throughout the country to whom these resolutions were sent at the same time by mail.

Mr. TAWNEY. Have you any figures to show the extent to which our trade with Cuba increased from 1891 to 1894, under reciprocity, when Cuba had free sugar?

Mr. CORWINE. Only as shown by the Government figures, sir; that is all. I have not figured them separately. There is the Monthly Summary of Commerce, and the résumé which has been prepared by the War Department. But generally speaking I should say that so far as my recollection serves me (I would not like to be quoted directly on this) there is a difference of somewhere between \$15,000,000 and \$20,000,000 of goods exported from the United States as between then and now. That is to say, the exports then were in excess of the goods being exported now about to that extent.

Mr. TAWNEY. Well, we exported last year \$25,000,000.

Mr. CORWINE. About that, I think; yes sir.

Mr. TAWNEY. And the Government statistics show that we exported about \$17,000,000 during reciprocity.

Mr. CORWINE. Well, they do; yes. But I listened with very great interest to the statements made by the gentleman from Habana, and from information of a somewhat similar nature which I have received from merchants I am led to believe that he is very nearly correct, and that the difference represents somewhere between \$15,000,000 and \$20,000,000 more than appears upon the surface, due to peculiar methods of doing business which I do not think it is necessary to explain here, because they are things of the past now, I am told.

Mr. TAWNEY. It is to be hoped so, if it was a fact.

Mr. CORWINE. I should hope so. But let me make this one further general statement, if you will: That the agents, or salesmen, if you like, of the houses in New York directly representing manufacturing interests of cotton piece goods, cloaks, gingham, and the like are making very slow progress in Cuba. They claim that the feeling there among the people is such that they are practically unable not only to increase their sales but to maintain the average of sales which they have been making in times past.

Mr. METCALF. Is it not a matter of fact that most of the business in Cuba at the present time is controlled by Spanish houses?

Mr. CORWINE. Oh, I thought you meant importations. Germany and England are the largest exporters into Cuba of that class of goods.

Mr. LONG. Do you refer to a hostile feeling among the people toward the United States? Is that what you mean?

Mr. CORWINE. Rather, by some people. When a man's stomach is empty, or about to become so, he does not feel particularly good, you know. You may build a man a fine house and clothe him better than he has ever been clothed before; but at the same time if you do not put him in a way whereby he may fill his stomach he is apt to have rather unpleasant feelings.

Mr. LONG. There is no such complication from the labor standpoint, is there?

Mr. CORWINE. Well, I do not know, sir. I am rather inclined to think there is—that is to say, where you find a general contraction of the business of the island you can not find that degree of happiness that you find where everybody is employed and receiving the full benefit of his labor.

Mr. LONG. But the statement has been made before this committee that they have not sufficient labor to harvest their present crop of cane in Cuba, and they are paying their labor from \$23 to \$30 a month. Now, there can be no dissatisfaction with that condition on the part of the laboring classes of Cuba, can there?

Mr. CORWINE. I am inclined to think that while your statement may be true in the abstract, there are many small planters (who, I believe, would probably represent one-seventh to one-eighth of the total sugar-producing capacity of the island) who are not so happily situated as are the planters for the large concerns, who have capital and credit; and while that statement is true in the abstract, it is not absolutely true concerning all the labor of the island employed in raising sugar, or tobacco, or fruits, or vegetables. There are other interests on the island besides sugar.

Mr. LONG. Is it not a fact that a great many of the merchants in Cuba—and I speak especially of the Spanish merchants—would prefer to go to other countries and pay a higher price for goods than have to buy them in the United States?

Mr. CORWINE. I do not think so; no, sir. It has not been my experience with those I have met. That is so to a limited extent, perhaps.

Mr. SWANSON. The consent of your association to the remission of these duties, and to creating a market here for Cuban sugars is conditioned on the event that we shall have established, permanently and safely, Cuban markets for the sale of our goods?

Mr. CORWINE. Absolutely; yes.

Mr. SWANSON. And unless we could get that securely and safely so that you could have those markets, neither you nor your association would favor the remission of these duties?

Mr. CORWINE. We would favor helping Cuba out of the bounteousness of the United States, to save her from suffering; but we would not favor a change in the commercial relations unless they were absolutely reciprocal.

Mr. TAWNEY. Did your association protest against the repeal of the reciprocity law in 1893?

Mr. CORWINE. The association was not in existence then, sir. It sprang into existence later to meet conditions which were at first purely local. Do not let that come into your minds for one instant, gentlemen, because we did not organize until June, 1897; there was not any such organization in existence in New York City before that time.

STATEMENT OF MR. MIGUEL G. DE MENDOZA,

Cuban Commissioner on Economic Affairs; sugar planter.

The CHAIRMAN. What is your business, please?

Mr. MENDOZA. I am a sugar planter.

Mr. Chairman and gentlemen: First Mr. Atkins, then Mr. Place, and then Mr. Kelly have given you full details about the production of sugar in Cuba and the advantages that would result to the United States from close commercial relations with us.

I am only going to say a few words; and in the first place let me say that the crop we are just starting to raise, and which will be finished by the 1st of May, will produce to the Cuban planters about \$30,000,000, and it will cost them between \$42,000,000 to \$45,000,000. There will therefore be a loss to them of \$12,000,000 or \$15,000,000 on that crop. Of course, we do not know what is going to happen, and that is why we have come to the United States to beg that something shall be done in our favor instead of coming later to beg for charity. I think it would cost you more to feed us and to put things in order in Cuba than to afford us this relief at this time, not because we are going to fight, but because the people are going to starve. They are not going to perish with yellow fever or typhoid fever. That is all past. The military government has attended to the sanitary situation in the island. It has improved it a good deal. But the stomachs of the inhabitants are empty, and I fear that the consequences of the reconcentration policy of General Weyler are going to come up again in a different way.

Of course we are not supposed by you to be American citizens; but I think that since the war with Spain we are under the protection of the United States. We may not be first-class citizens. I am sure we are not first-class, although I would like to be a first-class American citizen; but at least treat us like second or third class American citizens.

Mr. TAWNEY. Is labor generally employed on the island outside of Habana?

Mr. MENDOZA. Sir?

Mr. TAWNEY. Is the laboring class more generally employed on the island outside of Habana?

Mr. MENDOZA. It is. All the sugar plantations are working by this time. They are all employed. There is plenty of work for the workmen in Cuba to-day.

Mr. TAWNEY. And at good wages?

Mr. MENDOZA. Well, not very good, because the wages in Cuba increase according to the price of sugar. When sugar is low, we can not afford to pay high wages.

Mr. TAWNEY. They are paying now for common laborers as high as \$30 a month, are they not?

Mr. MENDOZA. In some places in the island, but not in all. In the eastern part of the island, which is less populated, the wages of labor are higher.

Mr. TAWNEY. Then this condition of hunger or starvation which you have just outlined or detailed here does not exist to-day, does it?

Mr. MENDOZA. Not yet; it will exist.

Mr. TAWNEY. This request, then, for the admission of sugar is in anticipation of distress?

Mr. MENDOZA. Yes, sir. It will exist, and it will exist not after the island has been left to the Cubans (as they say they are going to do; I do not believe it myself), but—

Mr. COOPER. Why do you think you are going to lose \$15,000,000 this year?

Mr. MENDOZA. Why? Because, in addition to what we are going to lose on the sugar itself, there is loss on the molasses, which was always worth about 10 per cent of the amount of the sugar. I mean by this that in a plantation that made, say, \$500,000 worth of sugar, the molasses was worth \$50,000—10 per cent of the value of the sugar. To-day the molasses is worth nothing. It costs us more to take it to the shipping port than the freight we have to pay, and the molasses will have to be thrown away. That is why I figure on 800,000 tons. I figure that \$40 a ton is what we are going to get.

Mr. COOPER. When did you pay higher wages than you are paying now to your laboring classes?

Mr. MENDOZA. Oh, when we have sold sugar, sir, at 3 cents a pound in Cuba we have paid much higher wages, because there is a demand for work, while now planters there are losing so much money that there is not such a demand for work.

Mr. COOPER. I understood you to say that all the laboring people on the island, outside of Habana, who want work, are employed.

Mr. MENDOZA. Yes, sir; they are working to-day, but I do not know whether they will be working next month or not.

A MEMBER. They are working at \$30 a month, too?

Mr. MENDOZA. Yes, sir; some of them.

Mr. METCALF. You say there will be a loss on this year's crop, unless you have some relief, of some \$15,000,000?

Mr. MENDOZA. Yes, sir; between twelve and fifteen.

Mr. METCALF. That would be about 85 cents a hundred pounds, would it not, on your estimate of the production?

Mr. MENDOZA. Yes.

Mr. METCALF. And you are asking for a reduction of the tariff of about \$1.62 a hundred pounds, are you not?

Mr. MENDOZA. I believe so.

Mr. METCALF. You say you are a sugar planter, Mr. Mendoza?

Mr. MENDOZA. Yes, sir.

Mr. METCALF. How large a plantation have you?

Mr. MENDOZA. Well, a pretty large one; about 16,000 tons—

Mr. METCALF. How many thousand acres have you?

Mr. MENDOZA. I own about 27,000 acres, but it is not all under cultivation.

Mr. METCALF. How many thousand acres have you under cultivation?

Mr. MENDOZA. I suppose I have about 9,000 to 10,000.

Mr. METCALF. And how many men do you employ in the actual cultivation of the sugar cane?

Mr. MENDOZA. I have living in the place about 5,000 inhabitants, including women, children, and workingmen.

Mr. METCALF. About five to a family?

Mr. MENDOZA. I suppose I have about 1,500 men working; the others are women and children.

Mr. METCALF. Well, has the sugar business in Cuba been profitable?

Mr. MENDOZA. It has.

Mr. METCALF. Up to the present time, we will say?

Mr. MENDOZA. Not this year. This year we are going to make sugar at a loss, if nothing is done.

Mr. METCALF. Well, up to this year has it been a profitable business?

Mr. MENDOZA. Not all over the island.

Mr. METCALF. How was it last year?

Mr. MENDOZA. Nothing was done, or very little. Few planters made money last year.

Mr. METCALF. Well, did you make money last year?

Mr. MENDOZA. I made very little. I made about 3 per cent on the capital employed, and anybody who knows what sugar cane is, and what a sugar plantation is, knows that that is not enough profit for a sugar plantation.

The CHAIRMAN. Could you give us the cost of producing sugar on your plantation in detail? I do not ask you to do it now, but could you figure it out and give it to us to-morrow?

Mr. MENDOZA. I could give you the price at which I can produce a ton of cane and at which I can produce a pound of sugar.

The CHAIRMAN. That is what we want. Can you give it to us to-morrow morning?

Mr. MENDOZA. Yes, sir; I think so. (See footnote.)

The CHAIRMAN. Give it to us at that time, then. I think we had better suspend now until to-morrow morning.

(The committee thereupon adjourned to meet Thursday, January 16, 1902, at 10 o'clock a. m.)

NOTE.—

The Honorable WAYS AND MEANS COMMITTEE:

In reply to the question asked by the honorable chairman yesterday, I would say: At the sugar-cane plantation Santa Gertrudis, province of Matanzas, island of Cuba, the cost of the cane per pound of sugar placed at the factory was, in the year 1901, $1\frac{1}{8}$ cents. The cost of manufacture of 1 pound of sugar placed at the shipping port of Cardenas was seven-eighths. Total cost $2\frac{1}{4}$ cents per pound. This I consider the average cost of sugar at the plantations in the interior of the island, which constitute 85 to 90 per cent of the sugar produced in the island in the year 1901.

MIGUEL MENDOZA.

WASHINGTON, D. C., *January 16, 1902.*

COMMITTEE ON WAYS AND MEANS,
Thursday, January 16, 1902.

The Committee on Ways and Means this day met at 10 a. m., Hon. Seno E. Payne in the chair.

The CHAIRMAN. A committee is here from the Produce Exchange of New York, and I understand that Mr. Armstrong would like to be heard.

Mr. CHARLES P. ARMSTRONG. The case of the Produce Exchange of New York will be submitted by Mr. Evan Thomas, ex-president of the exchange.

STATEMENT OF MR. EVAN THOMAS,

Ex-president of the New York Produce Exchange.

Mr. THOMAS. Mr. Chairman and gentlemen, if you please, these resolutions were adopted at the meeting of the members of the New York Produce Exchange held January 10, 1902:

NEW YORK PRODUCE EXCHANGE.

Resolutions adopted at a meeting of the members of the New York Produce Exchange held January 10, 1902.

Whereas the present economic situation in the island of Cuba deeply concerns our present and future trade relations with that island, and the continuance of the present tariff rates on Cuban sugar and tobacco will result in financial disaster, commercial ruin, and serious industrial disturbances there,

Resolved, That it is the sense of this meeting of the members of the New York Produce Exchange that Congress should give immediate relief to the strained situation in Cuba by a substantial reduction in the tariff duties on Cuban imports into the United States, as recommended by President Roosevelt in his message to Congress, under date of December 3, 1901. This is demanded by every consideration of generosity and fair dealing, the welfare of Cuba, to which we are pledged, and to the great betterment of commerce.

Resolved, That a copy of these resolutions, signed by the president and secretary of this exchange, be forwarded to the President of the United States, the Senators and our Representatives in Congress, the Committee on Relations with Cuba of the Senate, the Ways and Means Committee and the Committee on Insular Affairs of the House of Representatives.

Resolved, That the board of managers of the exchange be, and are hereby, requested to appoint a committee of three to represent the interests of this exchange at the hearing before the Ways and Means Committee to be held in Washington on the 15th day of January.

Pursuant to the foregoing resolution the undersigned committee was appointed by the board of managers of the New York Produce Exchange January 13, 1902.

CHAR. P. ARMSTRONG.
EVAN THOMAS.
CHARLES RABADAN.

If you please, sir, the committee would like to supplement the resolutions of the members of the Produce Exchange, and wish to say briefly:

SUPPLEMENTARY STATEMENT.

The New York Produce Exchange, with a membership of 3,000 business men, is the largest representative commercial body in the United States.

A large number of our members are shipping merchants, shipowners, dealers in and exporters of corn, flour, lard, oats, hay, provisions, and agricultural products. They are directly or indirectly in trade relations with the island of Cuba.

The annual shipments of American food products to Cuba for the year 1901 amount to over.....	\$8,000,000
The carrying interest on these products represents a freight value of over.....	1,000,000
A total of.....	9,000,000

About 75 per cent of this business is done by the members of the New York Produce Exchange or their representatives. Should the United States refuse to grant a reduction of duty on the imports of the two great staples of Cuba (sugar and tobacco) we believe the result will be ruin to the planter, bankruptcy to the merchant, and great distress to the laboring masses of Cuba, followed by serious industrial disturbances and disorder.

Financial and economic disaster to Cuba will correspondingly injure our trade and materially reduce our exports of flour, corn, lard, bacon, pork, beans, peas, canned goods, and other commodities.

The material reduction of our exports and imports to and from Cuba, followed by a corresponding decrease in the carrying trade, will result in a loss of freight to ship-owners.

This committee, representing the members of the New York Produce Exchange, respectfully request and urge that the Committee on Ways and Means recommend to Congress such reduction in the duties now levied on sugar and tobacco as will avert this impending disaster, and thereby safeguard the interests we represent.

Mr. THOMAS (continuing). I would simply say, Mr. Chairman, that it is the feeling of our people who are closely interested in this trade that it is the same old story, that money given quickly is given twice, and that the need is for immediate action, and that is what we urge upon you. I will say that Mr. Charles P. Armstrong, of the firm of S. W. & P. Armstrong, of New York, has been in this business—I think that firm has been in existence for probably over a hundred years, probably the oldest commercial firm in the United States—and he is here, and being familiar with the sugar matter will be pleased to answer any questions which you gentlemen might suggest.

The CHAIRMAN. I want to ask one question. Your association look at this largely from the standpoint of export business with Cuba?

Mr. THOMAS. Yes, sir.

The CHAIRMAN. Have you considered all the effects of the reduction of the tariff on the sugar-growing interests in Louisiana and also the beet sugar growing interests of the United States?

Mr. THOMAS. I would rather have Mr. Armstrong answer that question; I am not prepared; and Mr. Rabadan, of the firm of J. B. Carberry & Co., has spent three months in Cuba and spent a good many winters there, and is very familiar with the subject, and those two gentlemen can answer the questions you want to know very promptly and quickly, and it would take me a considerable time to do so.

The CHAIRMAN. Very well; we will hear from Mr. Armstrong, then.

STATEMENT OF MR. CHARLES P. ARMSTRONG.

Of the New York Produce Exchange.

Mr. ARMSTRONG. Mr. Chairman and gentlemen, the interest of the New York Produce Exchange, of course, is the interest of the exporters of American products to the island of Cuba, as Mr. Thomas has stated. Through the medium of the New York Produce Exchange a large share of the agricultural products of the country go out to other countries, and of course as far as they are purchased by Cuba they go to Cuba. The merchants of the New York Produce Exchange look with alarm upon the loss of that market through the inability of the Cuban people to purchase their products on account of Cuban ruin and poverty in the island, owing to the low price of sugar, and it is this interest which we come here to represent and urge upon you gentlemen that legislation may be effected which will relieve the Cubans from poverty by opening our market to their sugar, so they could continue to be purchasers of our products on a large scale.

Mr. McCLELLAN. I have a letter which I received this morning from the Empire State Sugar Company, in which the statement is made flat-footedly that the so-called sugar trust will be the sole beneficiary if the duty on raw sugar is abolished or reduced.

Mr. ARMSTRONG. I do not see any way in which the sugar trust or any of the sugar refiners can be benefited by such a reduction as contemplated, except it may cheapen the price of sugar and induce a larger consumption of refined sugar by our own people, and thereby increase the amount going through their mills.

Mr. McCLELLAN. Would the reduction of the price of raw sugar result in a reduction in your opinion in the price of refined sugar to the consumer, or would the price of refined sugar remain the same and the trust get the difference?

Mr. ARMSTRONG. I think that the price of refined sugar will be reduced corresponding with the raw, always keeping a certain percentage of difference between the price of the raw and the refined for the profit of the refineries.

Mr. McCLELLAN. That is a difference of a cent a pound?

Mr. ARMSTRONG. It is aimed to maintain it at a cent a pound, but sometimes it is less and sometimes it is more.

Mr. McCLELLAN. This same letter reflects upon the figures that have been sent to us as individuals by the firm of Willett & Gray.

Mr. ARMSTRONG. Reflects upon their figures—

Mr. McCLELLAN. Upon their accuracy. It virtually says they are retained by the so-called sugar trust. Do you consider their figures to be accurate?

Mr. ARMSTRONG. Well, it is very difficult to answer a question like that. Messrs. Willett & Gray publish the only sugar circular or sugar paper that is extant in the trade, at least in the East, and I suppose they aim to make their figures as accurate as possible. It is supposed their views of the market are somewhat colored by the views which they obtain from the sugar refineries, which is, perhaps, quite natural, they having to get a good deal of information from them.

The CHAIRMAN. Is there any objection to putting that letter into the record?

Mr. McCLELLAN. None whatever.

Mr. DALZELL. What company is that?

Mr. McCLELLAN. The Empire State Sugar Company.

The letter follows:

EMPIRE STATE SUGAR COMPANY,
Lyons, N. Y., January 13, 1902.

Hon. GEO. B. McCLELLAN,
Washington, D. C.

DEAR SIR: The question of a reduction or the abolition of duty on raw sugar imported from Cuba will undoubtedly be brought before this Congress during its present session, and if successful will ultimately lead to the ruin of the beet-sugar industry of this country, which is the end sought by the trust.

The trust is now, and has been for a long time, circulating petitions among merchants, through its sugar jobbers, asking Congress to repeal or lower the tariff on raw sugar imported from Cuba, on the plea that it is necessary in the upbuilding of American commerce and to the advantage of the consumer, in that it would cheapen the price of the refined product.

The following circular has been sent to the press of the country by Willett & Gray, in the interest of the trust:

"The total consumption of sugar in the United States last year was 2,219,847 tons, and based on the average increase of 6.34 per cent during the past nineteen years, the consumption of this year should be 2,360,585 tons. Of this quantity 1,000,000 tons, in round numbers, will come from American sources; say Louisiana being able to pro-

duce 150,000 tons, United States beet factories 150,000, Hawaii 350,000, and Porto Rico 150,000 tons, all being free from duty, leaving 1,360,585 tons to come from other sources, and on which duty is paid. The average duty assessed is \$36 per ton, or a total of \$48,981,060. The price of all the sugar consumed, however, being enhanced to the extent of the duty of \$36 per ton, or a total of \$84,891,060, it is evident that \$36,000,000 additional is paid by the people in order to provide the Government with \$49,000,000 for revenue, of which the Government is not in need. If the duty is taken off Cuban sugar, the \$85,000,000 goes to the people."

It is the business of Willett & Gray to furnish their clients with supposedly reliable data concerning sugar in this and foreign markets, but they went considerably out of their way in going to the expense of sending out the above circular to the press of the United States, and it stands to reason that for their trouble and expense they were reimbursed by the trust, as the trust and not the consumer will be the sole beneficiary if the duty on raw sugar is abolished or reduced.

The trust imports its raw sugar, raised by alien and cheap labor, and refines the same in a few refineries along the seaboard, whereas our beet-sugar factories manufacture the refined product, ready for consumption, direct from the raw material, i. e., beets raised by American farmers and well-paid American labor.

That the beet-sugar industry needs all the protection possible must be obvious to everyone, and to kill it would be a direct loss to the agricultural population of a number of our States. Take this State, for instance. Last year we paid direct to the farmers over \$200,000 for sugar beets, and will pay nearly, if not quite, that amount for beets this year.

If the duty is abolished or reduced on Cuban raw sugar, thereby withdrawing the protection to the beet-sugar industry of this country, it will be only a question of a short time when the trust will force them out of business, and, when that is done, make the price to the consumer on its own terms. As it is now, it is the beet-sugar companies that have forced the trust to place sugar on a basis where everyone can buy at a reasonable price.

As a Representative of the State of New York, we know that you will do all in your power to further the beet-sugar industry of your State and protect it in every way possible.

Thanking you in advance for your kind consideration, we remain,

Very truly, yours,

EMPIRE STATE SUGAR COMPANY.

Mr. TAWNEY. Do you know whether or not Willett & Gray are connected with the American Sugar Refining Company?

Mr. ARMSTRONG. Do you mean financially connected?

Mr. TAWNEY. Yes, sir.

Mr. ARMSTRONG. No, sir.

Mr. TAWNEY. They are retained as their attorneys, are they not?

Mr. ARMSTRONG. No, sir; they are merchant brokers.

Mr. TAWNEY. I understand they are sugar brokers, but I thought they were also retained by the sugar trust?

Mr. ARMSTRONG. Not to my knowledge.

Mr. TAWNEY. As a representative of the exporters of the United States, do you know how our trade with Cuba during the reciprocity treaty under the McKinley law compares with our trade since 1899?

Mr. ARMSTRONG. I can not tell you, as I have never given it any attention.

Mr. TAWNEY. You have given it no attention?

Mr. ARMSTRONG. I do not know anything about the statistics.

Mr. TAWNEY. Do you know anything about the Cuban exports to the United States and her exports to Spain, and particularly since the reciprocity treaty of 1891 was abrogated?

Mr. ARMSTRONG. I do not. I would like here to correct, if it is allowable, the idea that seems to have been prevalent, at least in the public prints there has been a great deal said, about the United States having closed the markets of Cuba in Spain; the United States has always been the market for the sugar of Cuba; the entire product for years has come to the United States.

Mr. LONG. Even while the country belonged to Spain?

Mr. ARMSTRONG. Yes, sir. This is the nearest and most natural market.

Mr. LONG. What per cent of the Cuban sugar comes to this market?

Mr. ARMSTRONG. The entire amount except that which is consumed at home. Occasionally, in some rare instances, a small quantity might be sent to the British provinces or England, but very rarely. Probably the whole amount except the home consumption comes to the United States.

Mr. LONG. And has come for years?

Mr. ARMSTRONG. Yes, sir.

Mr. BABCOCK. And really there is no change in the condition that existed before the Spanish war and to-day?

Mr. ARMSTRONG. Not as far as the market of sugar is concerned.

Mr. TAWNEY. A statement was made here yesterday that from the statistics of the Treasury Department it appears that the United States exported to Cuba \$17,430,000 of products annually during the continuation of the reciprocity treaty, or from 1891 to 1895, inclusive, and in 1901, when Cuba paid the full Dingley rates on her exports to the United States, our exports to Cuba aggregated \$25,000,000. This difference was explained by a gentleman from Cuba, who claimed the figures of the Treasury Department did not correctly represent the value of our exports to Cuba during the reciprocity treaty; that our products shipped to Cuba were undervalued for the purpose of securing their admission into the island at a lower rate of duty. You represent the exporters, and doubtless your association has exported products to Cuba during the time of the reciprocity treaty, as well as since; do you or do you not know whether there has been any undervaluation by American exporters of products to the island of Cuba during the continuation of the reciprocity treaty or since?

Mr. ARMSTRONG. Not to my knowledge. As far as my personal knowledge is concerned I do not know of any undervaluation.

Mr. TAWNEY. So the statistics of the Treasury Department as to our export trade in Cuba as far as you know are correct?

Mr. ARMSTRONG. Yes, so far as my personal knowledge is concerned.

Mr. DALZELL. Do you know what percentage of Cuban exports went to Spain, say in the last twenty years?

Mr. ARMSTRONG. I made the remark a while ago that none of the sugar went to Spain, that it came to the United States, and I do not know what amount of tobacco went to Spain, as I have no interest in tobacco and know nothing about it.

STATEMENT OF MR. CHARLES RABADAN,

Of the New York Produce Exchange.

Mr. RABADAN. Mr. Chairman and gentlemen of the committee, answering the question as to the increase of our exports during the reciprocity treaty with Spain, I would say that if my memory serves me, I have not the figures with me, it almost doubled; that the exports from Spain of flour, for instance, were reduced to a mere nominal, and so much so that sometimes flour was sent from the United States to Spain and sent from there to Cuba.

The CHAIRMAN. The duty on flour from the United States to everywhere except Spain was prohibitive except during the reciprocity treaty?

Mr. RABADAN. Precisely so.

The CHAIRMAN. And since that time——

Mr. RABADAN. One dollar, I think, as against four under the old Spanish régime; \$4 a sack or barrel, whereas to-day it is \$1.

The CHAIRMAN. I think it was \$4.60.

Mr. RABADAN. Yes, sir; nearer \$5 than \$4. Answering another question put by you to my colleague, Mr. Armstrong, as to the relations between Cuba and Spain, I would say that from a commercial point of view the United States and not Spain has always been the mother country of Cuba. We took all the sugar, you might say, and a very, very large percentage of the tobacco, and hence if at any time the markets of the United States should be closed to Cuba it would have meant utter ruin to Cuba, as she had hardly another market.

Mr. TAWNEY. Will you tell how the purchases from Spain and the United States have compared for the past ten years, the imports from Spain and the imports from the United States into Cuba?

Mr. RABADAN. It would be difficult to answer that without compiling the figures. But I can answer you this way: Cuba depends entirely upon the United States for lard and pork products, the staples of life, and her imports from Spain were wine, olive oil, and some other goods which Spain can furnish cheaper than we can.

Mr. TAWNEY. Shoes?

Mr. RABADAN. Shoes to a certain extent, cheap shoes on the order of sandals, but the American manufacturers supply the better shoes to the Cuban people.

Mr. TAWNEY. Is it not a fact her purchases from Spain have always been, before and since the war, greater than her purchases from the United States?

Mr. RABADAN. I should say not, without having the figures at hand. I have been many years in the business with Cuba, and although I have never made a comparison of the figures, but judging from the volume of trade they can hardly get it.

The CHAIRMAN. The Government statistics would show that.

Mr. RABADAN. The Government statistics would show that. The statement in regard to the volume of our business made by my colleague, Mr. Thomas, is taken from the statistics of the United States Government, which I have here now in case any gentleman wishes to know the relative value of the different articles, the volume and amount, one as compared with the other.

Mr. McCLELLAN. Do you think the proposition of the payment of a drawback on sugar would meet the situation in Cuba?

Mr. RABADAN. Not to the extent, sir, I think, that is indicated, for I fear me that the planter might not get the amount; I think it would be difficult to arrive at. And again, sir, if you will have in mind that the rebate asked for to-day is based upon the present price of sugar f. o. b. in Cuba, whereas the prospects are the price of raw sugar will rather decline than increase, owing to the constantly increasing production by bounties paid by European countries on the artificial industry, as I consider it, of beet sugar.

The CHAIRMAN. Of course that large increase of production has had its effect upon the price of sugar in the United States?

Mr. RABADAN. Yes, sir.

The CHAIRMAN. Has it occurred to you that the same causes that depressed the sugar interest in Cuba might have a depressing effect

upon the production of sugar in the United States, both beet and cane—the low price?

Mr. RABADAN. If you will permit me to answer the question in my own way—

The CHAIRMAN. Oh, certainly.

Mr. RABADAN. I would say under normal conditions, under natural conditions, no country on the top of God's footstool can produce the amount to the acre of sugar that Cuba can to the acre. For instance, we find under American occupation from a little over 300,000 tons it doubled the next year to 600,000 tons, and the estimated crop this year will be 850,000 tons under the conditions of restored law and order, under American military rule. It is easy to form some conception of the possibility of Cuba under given conditions, having in mind also that not over one-eighth of the area of arable land is to-day under cultivation in Cuba.

Mr. ROBERTSON. Do you think if that be true, as your statement would lead us to believe, that the crop would be increased to about 4,000,000 tons or could be expanded to that? Do you think that is true; and according to your statement it would lead us to believe it?

Mr. RABADAN. I do, sir; within a given time and under given circumstances.

Mr. ROBERTSON. What are those conditions?

Mr. RABADAN. The conditions would be the same that govern every other industry where it pays; where the producers could find a market that would pay; under conditions with, paramount to everything, law and order in Cuba.

Mr. ROBERTSON. So you think that free sugar with the United States would be a condition that would bring about conditions that would pay the sugar industry in Cuba?

Mr. RABADAN. That the granting of free sugar to-day would pay the cultivation of cane in Cuba?

Mr. ROBERTSON. Yes, sir.

Mr. RABADAN. Other things helping, to-day it would; but, for instance, to explain ourselves: If we admit sugar free from Cuba and they should have the trouble they had between Spain, which destroyed the plantations—

Mr. ROBERTSON. I mean on the basis of peace and free trade?

Mr. RABADAN. On the basis of peace and law and order, sir, I do not think any country in the world would be able to compete with the island of Cuba in the production of sugar.

Mr. ROBERTSON. What do you think her possibilities are; do you think she will ever reach 4,000,000 tons a year, or how much?

Mr. RABADAN. With all due respect to you, sir, it is hard to answer that question, and we can only take the past to make a forecast of the future; as I say, in three years the production has trebled, almost.

Mr. ROBERTSON. In three years it has increased 150 per cent, has it not?

Mr. RABADAN. Three hundred per cent.

Mr. ROBERTSON. So it has increased 300 per cent in three years?

Mr. RABADAN. Mr. Armstrong suggests one of the conditions that would be necessary in addition to free sugar, which is this, Can you get sufficient labor to develop the possibilities of Cuba? Since the American occupation there has been a Spanish immigration of 60,000 laborers from the agricultural classes, a most useful and necessary class, to Cuba.

Mr. RICHARDSON. Where did they come from?

Mr. RABADAN. From Spain, since the American occupation, and also from the Canary Islands.

The CHAIRMAN. Has that been on account of the increased wages?

Mr. RABADAN. I should say it has been on account of the condition of law and order enabling a man to work and make a living under the protection of the United States.

The CHAIRMAN. Have wages increased?

Mr. RABADAN. Somewhat, I understand, sir. I am not interested directly in the cane culture, and I would ask Mr. Placé to answer if wages of labor in Cuba have gone up.

Mr. PLACÉ. Yes, sir.

The CHAIRMAN. To what extent?

Mr. PLACÉ. We are paying from \$22 to \$24 a month.

Mr. COOPER. If there was an increase of production and sale of sugar to the United States, would it not increase the consumption of American products in Cuba with a corresponding benefit?

Mr. RABADAN. I answer, yes, sir; without qualification.

Mr. COOPER. To which country would come a superior benefit, to the United States or Cuba?

Mr. RABADAN. Under what conditions, sir?

Mr. COOPER. If we have free trade and their products could come here and our products could go there?

Mr. RABADAN. Geographically the United States is the natural market from which those people should order. There are some conditions by which to-day, for instance, we are handicapped. For instance, Birmingham and Manchester produce and manufacture cotton fabrics adapted to the wants of those people which are different from the goods used here. And, furthermore, they have been accustomed on account of the very low rate of interest on money in England to sell those goods and give those people long credit. The time will come, sir, if Cuba reaches where all her friends hope she will, when Cuba will be supplied almost directly from the cotton field, and it will be when the present industry alongside the cotton field is more developed, and when we will ship American cotton fabrics from the Gulf ports, which are within a few days' sail of Cuba.

Mr. BABCOCK. I would like to ask a question.

Mr. RABADAN. Yes, sir; I am at your service.

Mr. BABCOCK. How are the prices of raw sugar fixed that come from Cuba; who fixes the price?

Mr. RABADAN. Beet sugar to-day fixes the price for sugar for the world. The price in Hamburg governs not only the European production but all cane.

Mr. BABCOCK. Who buys the Cuban sugar?

Mr. RABADAN. In the United States?

Mr. BABCOCK. Yes.

Mr. RABADAN. Well, it finally comes to the refineries. We do not use the raw sugar as it comes from Cuba.

Mr. BABCOCK. I understand that, but who is the customer or consumer who goes to Cuba and buys the sugar; who contracts for the Cuban sugar here in the United States?

Mr. RABADAN. It is done in different ways, sir. There are agents who very often purchase direct for the refinery. Speaking for my

own house, we receive consignments of sugar from our friends in Cuba which we sell in the market to whoever will pay the best price.

Mr. BABCOCK. You handle the raw sugar?

Mr. RABADAN. Yes, sir.

Mr. BABCOCK. What customers do you have outside of the sugar trust?

Mr. RABADAN. Outside of the sugar trust the house of Howell & Co., and there are some other purchasers.

Mr. BABCOCK. The statement has been made by a gentleman from Cuba, I do not refer to any gentlemen who are present, that the price of sugar has been depressed here for the purpose of influencing legislation here. What truth is there in that statement?

Mr. RABADAN. Depressed by whom?

Mr. BABCOCK. By the parties controlling the prices of sugar.

Mr. RABADAN. Mr. Armstrong, who has been longer in the business than I have, probably can speak better on that subject than I myself.

ADDITIONAL STATEMENT OF MR. ARMSTRONG,

Of the New York Produce Exchange.

Mr. ARMSTRONG. The price of sugar is depressed to-day owing to the enormous overproduction of all sugars in Europe. The price of sugar in New York is always made upon the prices of all sugar f. o. b. Hamburg plus freight and duty and any other small charges like insurance, and the price of sugar is fixed by the same conditions in Cuba. There are certain large houses who buy sugar and sell it again to the refiners when they are disposed to and make a profit or loss. The refiners have their own agents in Cuba who buy for them, but the price is fixed by the price of sugar in Hamburg. Every morning the cable comes to everyone in the sugar business giving the quotations of sugar f. o. b. at Hamburg—that is, raw sugar.

Mr. BABCOCK. Then the market for raw sugar in Cuba to-day bears the same relative relation to the refined sugar that it always has done?

Mr. RABADAN. Always.

Mr. BABCOCK. That is, that the price has been depressed?

Mr. ARMSTRONG. Deducting freight, and insurance, and duty from the United States price, that is the price in Cuba f. o. b.; I do not know what local charges they may have down there.

The CHAIRMAN. Mr. Havermeyer testified before the Labor Commission that before there was a sugar trust and a number of different independent refineries that the refineries bid against each other, and the price of sugar was advanced from the fact that there was competition among the refineries; but after the trust was formed that competition ceased and they were able to get sugar at a more reasonable rate. Is that according to your experience?

Mr. ARMSTRONG. I suppose there is some base of truth in it. At times when refined sugars were scarce and refiners were competing with each other it would often happen, but to say on the average it made a higher price I do not think so. Those were the days of small things as compared with to-day.

The CHAIRMAN. That would depend upon the supply and demand. If the supply was short it would have that tendency undoubtedly?

Mr. ARMSTRONG. It would. It was different from to-day with only one or two buyers.

The CHAIRMAN. Oh, yes; if the world's supply was not very large it would advance to-day without any competition, I suppose, but it would advance still more if there was competition among them?

Mr. ARMSTRONG. Undoubtedly.

The CHAIRMAN. All sugar produced in the United States is refined sugar at the factories; it does not have to go through the process of refining?

Mr. ARMSTRONG. They do it themselves.

The CHAIRMAN. Is it not a fact that during the past three years the margin between the raw sugar and refined sugar has been much smaller than during the two or three years preceding? For instance, before 1897 was it not a cent and a quarter, and since 1897 has it not been reduced to fifty-one one-hundredths, say last summer?

Mr. ARMSTRONG. That is owing to conditions, which I will have to explain to you. Before 1897 there were times when it was $1\frac{1}{4}$, and there were times when it was even more, but probably it averaged about a cent. Something over a year or two years ago there were one or two independent refineries built, and war broke out between the sugar trust and the independent refineries and the trust broke down rates to a very low point for the sake of knocking out those one or two refineries, and when that was accomplished prices advanced again, and when you take the average of all that time you get the fifty-one one-hundredths.

The CHAIRMAN. They have knocked out the independent factories in the last two or three years?

Mr. ARMSTRONG. Yes, sir; they bought them out.

The CHAIRMAN. They bought them all out except Arbuckle?

Mr. ARMSTRONG. There is the National Refining Company, which suffered with the others. I believe now they operate together.

The CHAIRMAN. They all operate together now, so the only regulator of the refined sugar is the beet-sugar interests?

Mr. ARMSTRONG. Yes, sir.

The CHAIRMAN. But still the margin between refined and raw sugar is much below a cent to-day?

Mr. ARMSTRONG. Oh, yes; it is at present.

The CHAIRMAN. And has been so for a year or two?

Mr. ARMSTRONG. Well, on the average it has. During the summer season when there was a big demand for refined sugars the refineries generally put a larger margin between the raw sugar and the refined sugar than during the winter season.

The CHAIRMAN. When was this arrangement made with the Arbuckle Brothers?

Mr. ARMSTRONG. I do not know there has been an arrangement made with Arbuckle Brothers; I said the National Refining Company.

The CHAIRMAN. I thought you said Arbuckles?

Mr. ARMSTRONG. No, sir.

The CHAIRMAN. Do they seem to be working together?

Mr. ARMSTRONG. They seem to be.

The CHAIRMAN. I had not heard that, and I was surprised at your statement.

Mr. BABCOCK. Is it not true that there has been a truce between the Arbuckles and the Sugar Refining Company that the sugar people should not handle coffee and that Arbuckle should not handle sugar?

Mr. ARMSTRONG. I do not know anything about that; I do not think so, but I have no knowledge on the subject.

Mr. BABCOCK. In fact, there is no competition between them?

Mr. ARMSTRONG. Certainly there is competition. The Arbuckle people run their refinery and make all the sugar they can, and sell it.

The CHAIRMAN. That is spasmodic, is it not?

Mr. ARMSTRONG. During the summer time, when there is a very large consumption of refined sugar and no New Orleans product, all the refineries can run the refineries full and sell all their product.

The CHAIRMAN. During that season the price is exactly the same?

Mr. ARMSTRONG. There is no cutting; they can sell all they can make. It is purely a business proposition.

The CHAIRMAN. After the market stops one or the other will cut one or more points, and that is a sort of spasmodic production.

Mr. ROBERTSON. Was the New Orleans sugar a competitor at the time to which you refer?

Mr. ARMSTRONG. It is a competitor when the crop comes on. The refiners on the Eastern coast have to curtail their output when the New Orleans crop comes on; that is very evident.

Mr. SWANSON. Of the sugar imported into this country how much is refined and how much is raw?

Mr. ARMSTRONG. Nearly all the beet sugar is in a raw state. There was some 34,000 tons of refined sugar brought in last year.

Mr. SWANSON. Since the passage of the Dingley law the amount of refined beet sugar introduced into this country has been greatly reduced?

Mr. ARMSTRONG. Yes, sir.

Mr. SWANSON. Before that time Germany exported a great deal of refined sugar?

Mr. ARMSTRONG. They did at times, but never to a large extent.

The CHAIRMAN. It was much larger than it is at present?

Mr. ARMSTRONG. Yes.

Mr. SWANSON. The most of the beet sugar that is introduced now is raw beet sugar bought by the American refiners and sold on this market as refined sugar?

Mr. ARMSTRONG. Yes; it is refined sugar.

Mr. SWANSON. It is impossible for any foreign refiner to compete with this country with refined sugar under the present law?

Mr. ARMSTRONG. Not to any extent.

Mr. DALZELL. I have here Willett & Gray's Daily Trade Journal of yesterday, in which I see granulated sugar is quoted at two figures, at 4.37 and 4.41.

Mr. ARMSTRONG. I suppose that refers to the different discounts they allow. The refineries make a fixed price for refined sugar and allow a certain discount. Some allow more than others. I believe the Arbuckles are allowing 1 per cent more than the American Refining Company. That accounts for it.

Mr. DALZELL. I see here at the foot of the quotation a note which says:

Less 15 cents per pound, payable in thirty days, and 1 per cent discount for cash, Arbuckle and National allowing an additional 1 per cent rebate.

Mr. ARMSTRONG. That extra 1 per cent makes the difference. Those are net prices you quote, after all discounts are taken off.

Mr. DALZELL. That would indicate that Arbuckle and the National were acting together, would it not; that is to say, they give the same terms?

Mr. ARMSTRONG. Apparently they do so now, but I do not think there is any joint action.

Mr. DALZELL. I see the difference was 0.995 cent and 1.035 cents.

Mr. ARMSTRONG. You must remember that refineries are making their refined sugars out of sugar that costs a good deal more than to-day's quotations. When you compare the quotations of refined sugar to-day with the price of raw, it may be that the refineries' supply of sugar has cost a quarter of a cent more, and on a declining market it is apt to be the case.

Mr. TAWNEY. What is your business?

Mr. ARMSTRONG. An importer of sugar and exporter of all American products.

Mr. McCLELLAN. What would be the effect on the economical situation of Cuba if the House should refuse any relief whatsoever?

Mr. ARMSTRONG. It is my impression there would be failures of merchants, and some plantations would be unable to grind cane, and more especially would find it a difficult thing to get money to plant another crop.

Mr. TAWNEY. Why would that result follow?

Mr. ARMSTRONG. Because the business of the country is predicated upon the business of sugar growing and the price it is expected to bring. Now, if there is a serious loss and it sells below the cost of making it, somebody has to bear the brunt of that loss and that falls upon the people who advanced the money to the planter, and most all sugar is raised upon the advancement made to planters for the coming crop. The people who can not collect from the planters what they advance will be unable to pay the notes and they will be bankrupt.

Mr. McCALL. Are there large American credits in Cuba?

Mr. ARMSTRONG. I believe so.

Mr. McCALL. So one of the effects of the losses in Cuba would be losses to the people of the United States?

Mr. ARMSTRONG. It would be to those who have property there.

Mr. TAWNEY. The gentleman who preceded you said that sugars could be produced in Cuba cheaper than in any other country in the world. If that is so, why can not Cuba compete in our markets with other foreign countries and pay the same duty other foreign countries pay?

Mr. ARMSTRONG. No foreign countries can send sugars to-day without making a tremendous loss. The price has been depressed far below the normal value.

Mr. McCALL. Do not other countries pay bounties?

Mr. ARMSTRONG. The beet countries pay bounties, and it is practically true, even with the bounty paid, it is impossible to sell beet sugars to-day. The average price has been 9 shillings, and they are to-day worth 6 shillings and 6 pence.

The CHAIRMAN. How long have you been engaged in the importation of sugar?

Mr. ARMSTRONG. All my life.

The CHAIRMAN. Do you know generally what has been the condition of the sugar planters in Cuba financially, whether they have been successful and prosperous up to the present time?

Mr. ARMSTRONG. In Cuba?

The CHAIRMAN. Yes.

Mr. ARMSTRONG. Up to the time of the Spanish war, when the Cuban plantations were wrecked—

The CHAIRMAN. It was a prosperous business up to that time?

Mr. ARMSTRONG. It was.

The CHAIRMAN. What do you say would have been the effect if the planters had adopted modern methods of grinding cane and harvesting the crop, etc.?

Mr. ARMSTRONG. There are many fine plantations in Cuba, and but for the depression which has fallen upon them a great many of the plantations would have employed the modern machinery. But of course under this depression they have not been able to get the modern machinery.

The CHAIRMAN. Is not the production of sugar much more economical with modern equipment?

Mr. ARMSTRONG. There is no question in my mind to-day but what with modern appliances sugar can be raised at about 2 cents a pound, but you must bear in mind that Cuba is not in that condition.

The CHAIRMAN. The only source of relief to the Cuban planter would be the adoption of modern equipment?

Mr. ARMSTRONG. But he can not get the money.

The CHAIRMAN. If he was able to do so?

Mr. ARMSTRONG. If they were able to do so they would do so.

The CHAIRMAN. If it is a profitable business money will go in there?

Mr. ARMSTRONG. But nobody will put money into the sugar business to-day at these prices.

Mr. TAWNEY. Does the bounties paid by Germany operate to the prejudice of the Cuban in the American market when the countervailing duty in the United States is imposed?

Mr. ARMSTRONG. It operates to the prejudice of every sugar-producing country by the amount of bounties they pay, and in this present instance after the imposition of the countervailing duty counteracts to that extent, but the system of paying duties has encouraged the over-production of sugar in such countries that it has depressed the price all over the world. For instance, beet countries to-day have increased crops over last year's some 800,000 or 900,000 tons, and in the two years they have increased their crop a million and a half tons, and the markets of the world can not stand that for any length of time.

Mr. TAWNEY. Was Mr. Atkins's statement in the Cuban census, which he gave yesterday, correct—that with the maintenance of the countervailing duty against a bounty the Cuban planter would not be prejudiced by the imposition of those bounties?

Mr. ARMSTRONG. Except as that increased the production of the world.

Mr. DALZELL. I understood the last gentleman to say that sugar could be raised in Cuba cheaper than anywhere else in the world; do you confirm that statement?

Mr. ARMSTRONG. I think under proper conditions in the best localities, with the best machinery, I think there is no question that sugar can be produced in Cuba at a comparatively low cost.

Mr. DALZELL. I understood him to say, also, that only one-eighth of the sugar lands were under cultivation in the raising of sugar.

Mr. ARMSTRONG. One-eighth of the arable land.

Mr. DALZELL. What would you say as to the possible capacity of Cuba under the best condition to raise sugar?

Mr. ARMSTRONG. I think, considering the amount of labor available and the probable price which will be had for sugar, that if Cuba should raise two and a half million it would be about the extent. The price of sugar would have to be much higher, probably, to encourage such a production.

Mr. DALZELL. Assuming a condition of law and order in Cuba and labor sufficient to cultivate the sugar, would not the sugar industry in Cuba under free trade entirely destroy the sugar industry of the United States?

Mr. ARMSTRONG. Do you mean free trade with Cuba in sugar and duties on all other sugar, or free trade with other countries?

Mr. DALZELL. With Cuba alone.

Mr. ARMSTRONG. There is no question that with free trade in sugar she would raise all the sugar the United States would consume.

Mr. SWANSON. To what extent could Russia import sugar into this country if our countervailing ruling was reversed?

Mr. ARMSTRONG. Three hundred or four hundred thousand tons.

Mr. SWANSON. You are in the export business also?

Mr. ARMSTRONG. Yes, sir.

Mr. SWANSON. Have you ever made an estimate as to whether our export business would be more increased by granting sugar concessions to beet-raising sugar countries, which have a large, rich population, in preference to Cuba? Which would give the largest market for the sale of our goods, leaving out any sentiment as to our obligations to Cuba, say, for instance, Germany, Russia, Austria, and France?

Mr. ARMSTRONG. I do not think the importation of beet sugar into this country in preference to cane sugar would increase exports, because they buy only what they are obliged to buy from us.

Mr. SWANSON. Suppose Germany, with her 60,000,000 people, and Russia and France would be willing to make treaties of reciprocity, giving us low rates of duty to those markets and those rich people, which would give us the greater export market for this country for our goods—which is the most desirable market?

Mr. ARMSTRONG. Well, it is difficult for me to answer that question offhand; it is a large question to answer.

Mr. SWANSON. I thought you were in the export business?

Mr. ARMSTRONG. But I do not export to Russia or Germany; my business is with the West Indies and South America.

Mr. SWANSON. There is an idea prevalent that most of the reciprocity treaties have been made, not with beet-sugar countries, but with cane-sugar countries. Is it not true that most of the cane sugar is compelled to come to the refinery to be refined before it is put on the market, and the sugar-refining trust would not have the raw sugar to refine and make the profit like they would if the reciprocities were with beet-sugar countries?

Mr. ARMSTRONG. Beet sugar has to be refined as much as cane.

Mr. SWANSON. But most of them use the process themselves?

Mr. ARMSTRONG. There are refineries which will refine it. The people who make the beet sugar make it in the raw state and they have refineries there which refine it.

Mr. SWANSON. It does not require so large an expenditure of capital to refine beet sugar as cane sugar?

Mr. ARMSTRONG. They can have it as expensive as they wish to, the refineries.

The CHAIRMAN. Have you any suggestion to make about a duty on tobacco?

Mr. ARMSTRONG. No, sir; I am not familiar with tobacco and I know nothing about it.

Mr. ROBERTSON. Mr. Armstrong, where now is the market for sugar?

Mr. ARMSTRONG. The United States.

Mr. ROBERTSON. Entirely?

Mr. ARMSTRONG. Entirely.

Mr. ROBERTSON. The market of course will be in the United States entirely if we adopt this free-trade proposition or the sugar proposition?

Mr. ARMSTRONG. Oh, yes; the sugar of Cuba will come to the United States. There is no other place for it to go.

Mr. ROBERTSON. Who are the purchasers, primarily, of the Cuban sugar now?

Mr. ARMSTRONG. I think I explained a short time ago—

Mr. ROBERTSON. That it was the sugar refineries.

Mr. ARMSTRONG. It ultimately reaches the sugar refineries after it passes through other hands.

Mr. ROBERTSON. Are they the only purchasers of sugar in the United States?

Mr. ARMSTRONG. Yes, sir; there is no other market for it whatever.

Mr. ROBERTSON. There would be no competition whatever as to the matter of fixing the price in the United States with the sugar refineries of the United States, would there? There is no other source from which competition could come?

Mr. ARMSTRONG. None I know of.

Mr. ROBERTSON. You stated a little while ago that the beet-sugar industry controlled the market?

Mr. ARMSTRONG. It does; it makes the price.

Mr. ROBERTSON. And that price is now lower than it has been for years, I believe?

Mr. ARMSTRONG. A good deal lower.

Mr. ROBERTSON. Is that a temporary condition?

Mr. ARMSTRONG. It is, in the nature of things; it can not last always, because an article will not continue to be raised below the cost of production when in time it will cure itself, but we can not tell how long?

Mr. ROBERTSON. You can not tell how long?

Mr. ARMSTRONG. No, sir. There is a surplus of sugar in the world to-day.

Mr. ROBERTSON. You say the Hamburg market controls the price of sugar?

Mr. ARMSTRONG. It does.

Mr. ROBERTSON. And therefore the price of sugar in the United States would be controlled by the price of sugar fixed at Hamburg, plus the duty?

Mr. ARMSTRONG. The price is really made in London, but it is made on the f. o. b. price in Hamburg.

Mr. ROBERTSON. Do you think the sugar refineries would give the producer the benefit of the profit which they themselves would control in getting raw materials cheaper and then refining them? Do you think that is in the nature of business generosity as a rule?

Mr. ARMSTRONG. I think if the sugar refiner buys raw sugar cheaper

it will make the price of the refined sugar cheaper, putting on a certain amount for profit, and if the raw sugar is cheaper you certainly will get the refined sugar cheaper.

Mr. ROBERTSON. I hope you will excuse me if I ask some questions not entirely in the line of this investigation, but I want to know; the sugar refiners in the country are the only purchasers of raw sugar in Cuba?

Mr. ARMSTRONG. Ultimately they are, but there are some intermediate purchasers; but they are in the end.

Mr. ROBERTSON. In fact they are primarily?

Mr. ARMSTRONG. No; people may buy on speculation hoping the market will be higher and they can then sell to the refineries.

Mr. ROBERTSON. Could they do it against the price offered by the sugar refineries of the country?

Mr. ARMSTRONG. The sugar refiner goes to Cuba to buy sugar and he buys at the market price of that day.

Mr. ROBERTSON. What I want to know further is, have the Cuban people acted upon this question of reciprocity as a people in any way at all? I understand they have no government; we are in charge there, but, speaking of the Cuban people in the condition in which they are presented at this time, there is no organized government there. Have the people themselves, the laboring and business people outside of the sugar people, passed any resolution or made any request of the United States for reciprocity that you know of?

Mr. ARMSTRONG. I think they have. I think the Chamber of Commerce—

Mr. ROBERTSON. If they have it is a fact that can be ascertained without an expression of opinion.

Mr. ARMSTRONG. I can not give the name and date, but these gentlemen from Cuba can. Certainly every man in Cuba is interested in this question vitally.

Mr. ROBERTSON. I see here in a paper published in New York, December 3, 1901—not Habana, Cuba, December 3, 1901, but New York, December 3, 1901—signed by a number of gentlemen whose names would indicate they are Cubans. Do these gentlemen represent themselves individually or do they represent a constituency; and if they represent a constituency, has that constituency acted; have the Cuban people acted in any way?

Mr. ARMSTRONG. Well, I do not know who the gentlemen are that you mention?

Mr. ROBERTSON. Here it is; Francisco Gamba, Miguel Mendoza, Gustavo Bock, Simon Dumois, Dionisio Velasco, Luis V. Francke, Alfonso Pesant, Juan Pedro, and Octavio E. Davis. I should judge from the first part of this last gentleman's name he was Spanish, and from the last part that he was English.

Mr. ARMSTRONG. I recognize those names you have read as some who are largely interested in Cuban business and Cuban trade. I have no doubt they are acting for the Cuban people. You must remember the whole interest of Cuba is bound up in sugar; tobacco is of course a large interest, but sugar is the interest, as the prosperity of Cuba depends upon the sugar, and if sugar is ruinously low the whole island will suffer—every man, woman, and child.

Mr. ROBERTSON. Mr. Atkins stated yesterday that a company of which Mr. Spellman was a member owned a plantation that would pro-

duce this year an estimated crop of 20,000 tons; that Mr. Hawley represented a company which this year would produce an estimated crop of 30,000 tons; that several other gentlemen here owned properties that produced from 10,000 to 30,000, 10,000 being the lowest and 30,000 being the highest. In most of all these very large companies it appeared from the testimony of Mr. Aikens yesterday that the investment of American capital recently there would almost control the output of sugar this year. That is, he made that impression upon me. Do you know General Hawley?

Mr. ARMSTRONG. No, not personally; but I know him by reputation.

Mr. ROBERTSON. Do you know whether he is connected in any way with Mr. Havemeyer, personally, or with the American Sugar Refining Company?

Mr. ARMSTRONG. Mr. Hawley has recently rejuvenated or restored a large estate in Cuba, and I know some of the people connected with the sugar-refining interest are interested with him in the estate, but I think only as individuals. I do not think the American Sugar Refining Company has any interest there. Some people have invested money down there just as you might.

Mr. ROBERTSON. Do you know Mr. Spellman, of the Illinois Central Railroad?

Mr. ARMSTRONG. I do not know anything about his Cuban interests.

Mr. ROBERTSON. I understand he, together with a company of American capitalists, have within the last year and a half bought a large estate which will this year produce 20,000 tons of sugar. What I want to arrive at is this, that if that be true it looks to me that the appeal is made rather to the enhancement of investments made there by gentlemen from the United States, who might now be connected with the sugar refining interest, and their interest in the property will become, in a short while, greater than the Cubans themselves. I do not mean at all to be discourteous in my statement.

Mr. ARMSTRONG. I do not see why the Cuban people should not welcome the investment of capital of whoever puts it there?

Mr. ROBERTSON. I agree with you.

Mr. ARMSTRONG. Somebody has to invest in order that the laboring men may have something to do. I can see no harm if Mr. Havemeyer goes and buys a plantation.

Mr. McCALL. I want to ask you what in your opinion would be the effect of a differential sugar duty on the price of refined sugar in this country?

Mr. ARMSTRONG. You mean to say if a concession is made to Cuba on the duties?

Mr. McCALL. I mean with reference to fixing the profits of the sugar refineries of this country. Can they exact over a certain profit without encouraging the importation of refined sugar? I want to direct your attention to that point, and I would like to know what margin of profit it would go beyond that differential before refined sugar would be imported.

Mr. ARMSTRONG. It is very difficult to say. You have had the testimony of the refiners as to what it costs to make sugar, and they know better than I do.

Mr. McCALL. What is the difference between the duty on a pound of raw sugar and a pound of refined sugar?

Mr. ARMSTRONG. It is about half a cent a pound now. There is

some little variation on account of this countervailing duty on which I am not clear, but it is about half a cent a pound more duty on the refined than on the 96 raw.

Mr. SWANSON. There is an extra duty on refined sugar under present conditions which makes it nearly impossible to import refined sugar, and nearly all comes in in the raw state.

Mr. ARMSTRONG. Nearly all.

Mr. SWANSON. Last year about 24,000 tons of refined sugar was imported?

Mr. ARMSTRONG. About that, but I will not be certain.

Mr. DALZELL. Two million dollars' worth.

Mr. TAWNEY. Forty-two thousand short tons, to be exact.

Mr. SWANSON. I want to ask you this question. You are very clear in your statement of what we have to do to encourage Cuba. What recommendations have the export association of New York to make as to legislation required to give us control of the Cuban market; what suggestion have you to make to enable us to fully control that market with our goods?

Mr. ARMSTRONG. We recommend you to make a suitable reduction of the duties on sugar coming from Cuba.

Mr. SWANSON. That gives Cuba our market for sugar. What recommendation has your association as to legislation required to give us control of their market? Your remarks are very clear in regard to giving them control of our sugar market. Now, what recommendations have you to make in the shape and form of what would be necessary to give us control of their market?

Mr. ARMSTRONG. We did not consider that question; we did not consider the committee wanted light on that subject, as we considered that they would take care of the interests of the United States themselves.

Mr. SWANSON. We want the exact information to show us what goods go there, what duties should be imposed, so as to exclude foreign goods, and if you gentlemen are engaged in the export business and understand and are interested in that as well as in the importation of sugar, we would like to know and get full information from business men as to what can give us control of that market if we do give them reciprocal advantages?

Mr. ARMSTRONG. The people who come from Cuba pay the duty; the merchants who export goods to Cuba do not pay the duty, and they would be the people to get that information from; these people from Cuba can tell you that.

Mr. SWANSON. We want to get cotton goods there. We do not ship as many cotton goods as we ought and we desire to get control of that market there in exchange for giving them the sugar market here. We would like to know from business men what is necessary to be enacted in Cuba or here so as to give us control of the market for cotton goods and of the various goods which Cuba purchases. We do not want to take any chances in this business.

Mr. TAWNEY. You want to know what concessions we ought to make?

Mr. SWANSON. We want to know what they will do for us and what the conditions are; that is what we want to know.

Mr. TAWNEY. A very pertinent inquiry.

Mr. ARMSTRONG. I would like to say in answer to that question that it

is the general understanding among the merchants at present that under the war administration in Cuba the United States has fixed the duties for the admission of goods into Cuba and no real reciprocity treaty can be made until a government is established in Cuba. That is our understanding. I do not know whether we are correct or not, but we gentlemen believe the War Department could make some reductions of duties to cover this point until the time a reciprocity treaty could be made with the government established there.

Mr. TAWNEY. But could the War Department discriminate in fixing a duty in favor of the products of the United States against the products of other nations?

Mr. ARMSTRONG. I do not know; that is a legal question that I can not answer. Gentlemen, there is one thing you must understand, and that is, Cuba and all the West India Islands get all their foodstuffs from the United States; they can not get them from Europe, never.

Mr. SWANSON. We sell them to Europe—all over the world. What we want now is to get a market for these goods. We want to know what law passed by Congress, or what fixing of duties, will enable us to get these markets if we make these concessions.

Mr. ARMSTRONG. If the Cubans charge only one-half the duties for your products that they do other countries, it is natural to suppose you will get your share.

Mr. SWANSON. Your idea, then, is to give them a preferential of 50 per cent and they give a preferential—

Mr. ARMSTRONG. I did not mention anything.

Mr. SWANSON. Your suggestion would be for a law of that kind?

Mr. TAWNEY. You are familiar with the manner of fixing the world's price of raw sugar. I would like to ask one question with reference to bringing out the fact of who would be benefited by this preferential or removal of the duty on sugar coming from Cuba. You say the price of raw sugar is fixed at Hamburg. If that is so and we remove the duty on raw sugar coming from Cuba, will the price of raw sugar still be fixed at Hamburg, as now?

Mr. ARMSTRONG. Always.

Mr. TAWNEY. It will be fixed there without reference to the removal of duty on Cuban sugar?

Mr. ARMSTRONG. You can not have two prices of sugar in this country.

Mr. TAWNEY. Then the benefit of the removal of course will not be enjoyed by the consumer of sugar in the United States?

Mr. ARMSTRONG. No, sir; but let me explain that. For instance, if a large amount of sugar is held back in Cuba until this thing passes then of course temporarily it might, but in the end the Cubans will get all the benefit as long as they do not produce enough sugar to fill this market entirely.

Mr. TAWNEY. Either the Cuban planter or the refiner. It would be divided between them, would it not?

Mr. ARMSTRONG. The refiner could not get any at all; there is no chance for it.

Mr. TAWNEY. The evidence last evening showed that an acre of average sugar land in Cuba produces $2\frac{1}{2}$ tons of raw sugar. The only effect then of the removal of this duty would be to give a bounty of about \$75 an acre annually to every sugar planter on the island.

Mr. ARMSTRONG. I have never figured it out per acre, but whatever

duty you take off it would give to the producer eventually. That is what they are asking for and are here for.

Mr. TAWNEY. A gentleman here last evening stated the average sugar land of Cuba would produce $2\frac{1}{2}$ tons of sugar per acre; the removal of the duty would then increase the value of every acre of sugar land in Cuba to the extent of that duty. The duty is about \$34 a ton and the production per acre $2\frac{1}{2}$ tons, so that Mr. Hawley, of Texas, or the sugar trust, or any American or Spaniard who has gone down there and bought these large plantations, would reap a benefit of about \$75 an acre annually on their plantations by reason of the removal of this duty.

Mr. ARMSTRONG. They would not put that money in their pockets; nobody would invest in sugar lands to sell sugar at the present prices.

Mr. TAWNEY. It would add that much in value to their plantations though, would it not?

Mr. ARMSTRONG. Yes, sir; it would, and save them that much loss.

Mr. RICHARDSON. What effect would it have upon the American consumer?

Mr. ARMSTRONG. None, whatever. As soon as Cuba produces sugar enough to supply our wants, without our domestic production, she would influence prices; but as long as she produces only 800,000 tons she can not influence prices.

Mr. TAWNEY. You heard the testimony of Mr. Atkins, that sugar lands sell from \$10 to \$20 an acre?

Mr. ARMSTRONG. I was not here.

Mr. TAWNEY. Well, according to the statement here last evening as to the quantity of sugar produced on an acre of land the removal of this duty would more than double the value of every available acre of sugar land in Cuba.

Mr. ARMSTRONG. I think your premises are wrong. If the price of sugar was to remain where it is to-day sugar land would not be worth anything in Cuba.

Mr. TAWNEY. You have stated that could not possibly exist permanently?

Mr. ARMSTRONG. No; not permanently.

Mr. TAWNEY. It is the present condition, due to the overproduction in the world, that has produced the present low price of sugar, and that, of course, will be taken care of by the law of supply and demand?

Mr. ARMSTRONG. Yes, in time.

Mr. TAWNEY. So that ultimately the result will be, as I have stated, of giving a bounty of about \$75 an acre to the planter annually?

The CHAIRMAN. I understand your proposition is to reduce the duty on raw sugar 50 per cent?

Mr. ARMSTRONG. No, sir; I did not say that; I did not make any proposition.

The CHAIRMAN. Do you want it free?

Mr. ARMSTRONG. No, sir; I did not make any proposition of that kind.

The CHAIRMAN. I do not care what the particular percentage is, but your proposition is to reduce the duty on raw sugar?

Mr. ARMSTRONG. My proposition is to grant relief to Cuba to tide them over this crisis.

The CHAIRMAN. What would you do with the duty on refined sugar?

Mr. ARMSTRONG. There is no refined sugar coming from Cuba.

The CHAIRMAN. What would you do with the duty on refined sugar coming from any country?

Mr. ARMSTRONG. I do not see any necessity for changing it.

The CHAIRMAN. You would not change that at all?

Mr. ARMSTRONG. It does not affect the Cuban question; that is an independent question and it does not affect the Cuban matter.

The CHAIRMAN. You have not thought of the possible benefit that might be to the sugar refineries?

Mr. ARMSTRONG. They have already that benefit, whatever it is.

The CHAIRMAN. You will give them cheap raw sugar?

Mr. ARMSTRONG. They will sell their refined sugar just that much cheaper.

The CHAIRMAN. I would rather trust somebody besides them.

Mr. ARMSTRONG. The market conditions would compel them to do it, because the refined sugar will come from Europe when they attempt to exact any larger amount than they do now.

The CHAIRMAN. Not if they got the raw sugar cheaper.

Mr. ARMSTRONG. Then they can make the refined sugar cheaper.

Mr. ROBERTSON. Are they going to sell cheaper than the Hamburg market.

Mr. ARMSTRONG. They have to sell on the Hamburg market now.

Mr. SWANSON. As I understand, with the present small quantity of refined sugar being introduced, about 34,000 tons, you do not think there ought to be any further competition with the refiners in this country by importing refined sugar?

Mr. ARMSTRONG. That is my opinion.

Mr. SWANSON. That they should have a monopoly of refining sugar in this country?

Mr. ARMSTRONG. They have competition and that competition is increasing all the while. They are building new refineries and if they attempt to exact too much it soon cures itself.

The CHAIRMAN. I suppose there is no difficulty from the climate or otherwise in refining sugar in Cuba?

Mr. ARMSTRONG. I am not informed on that and I can not tell; I am not an expert.

The CHAIRMAN. If there is no difficulty, why would it not be a greater benefit to Cuba to give a little benefit on the refined sugar?

Mr. ARMSTRONG. I suppose it would.

Mr. MCCALL. Do you not think there should be the same proportionate reduction on the refined sugar of Cuba that we make in the duty on raw sugar from Cuba, so as to maintain theoretically the same relations?

Mr. ARMSTRONG. I do not think it will result in anything, because there is no sugar refined in Cuba, and I do not think anybody would establish any refinery there.

Mr. MCCALL. I wish to ask you a question. You say that the price of raw sugar is fixed in Hamburg. Now, is not within certain limits the price of refined sugar fixed in Hamburg?

Mr. ARMSTRONG. Certainly.

Mr. MCCALL. We have the product of Louisiana and the product of beet sugar and all in fixing the price of refined sugar, but is there not this safeguard, if the American refinery charges over a certain differ-

ence between the price of the raw and the price of the refined sugar, the refined sugar of Hamburg will come into this country, so we are not at the mercy of any refineries completely.

Mr. ARMSTRONG. They can not charge 2 cents a pound profit.

Mr. SWANSON. As I understand, even with the establishments in Germany refining sugars and disposing of them in the markets of the world, we only got in 24,000 tons last year of refined sugar.

Mr. ARMSTRONG. If you will pardon me, you miss the point; the refiner charges a certain amount to cover the difference—

Mr. SWANSON. He does not charge a certain difference; if he has got competition he charges less, just as if there was competition between Arbuckle and Havemeyer; but if Arbuckle and Havemeyer come to an agreement they could fix the price for refined sugar in the United States.

Mr. ARMSTRONG. They could only fix it so high.

Mr. SWANSON. They could fix it up to the limit of the Dingley bill. They could fix it up to the limit to permit them to control the market here, because you can not import refined sugar at the same rate as raw sugar.

Mr. ARMSTRONG. Of course you have to pay the additional duty.

Mr. SWANSON. Under the Dingley bill the crude sugar has less duty as it goes up the number of degrees, and it encourages the introduction of low grade sugars.

Mr. ARMSTRONG. No, sir; you are mistaken. The duty is fixed at so much on 96, and sugars containing the same saccharine contents pay the same.

Mr. SWANSON. If it is graded that way.

The CHAIRMAN. Is there anybody who desires to be heard in regard to a reduction of the duty on tobacco or other products of Cuba? If there is no gentleman who desires to be heard, is there any other gentleman who desires to be heard in favor of the reduction on Cuban sugar?

Mr. ROBERTSON. Is there any representative of the Cuban people here who is regularly accredited?

The CHAIRMAN. Is there any gentleman who will give any light upon what concessions will have to be made by Cuba to the United States in order to give the United States the market of Cuba?

ADDITIONAL STATEMENT OF MR. LOUIS V. PLACÉ, OF HABANA.

The CHAIRMAN. I understand you are a merchant?

Mr. PLACÉ. I am a merchant from Habana.

The CHAIRMAN. In what branch of merchandise?

Mr. PLACÉ. I do a ship broker's business, freight agent, coal business, and general commission merchant. I said yesterday myself all I have to say about it, and I am ready—

Mr. TAWNEY. Do you represent any of the American sugar-refining companies down there?

Mr. PLACÉ. No, sir; I do not know any of them.

The CHAIRMAN. What class of goods are now imported from the United States?

Mr. PLACÉ. From the United States we import the same goods we have always imported.

The CHAIRMAN. What are those?

Mr. PLACÉ. Bacon, lard, corn, hay, bran, oats, and lumber; that is all. The manufactured goods come from Europe.

The CHAIRMAN. Now, the duties are the same on goods imported from the United States as on other goods imported from other countries?

Mr. PLACÉ. Yes, sir; the same thing.

The CHAIRMAN. What reduction in duties will be necessary to give us a greater share of the market on Cuban goods?

Mr. PLACÉ. As a Cuban I would like to give the United States free trade. The whole of American products imported into Cuba ought to be free.

The CHAIRMAN. What reduction of duty would secure that trade to the United States?

Mr. PLACÉ. First of all, our present tariff in Cuba to-day is very low. In order to give the Americans the trade of Cuba we ought to raise the present tariff 50, 60, and 70 per cent, and out of that tariff allow the United States 40, 50, and 60 if you are not willing to allow the United States free trade.

The CHAIRMAN. In other words, do you believe if we had free trade in Cuban goods the United States would get a large share of that trade?

Mr. PLACÉ. In two years you will have it. Not at once, because in Europe they are accustomed to do the business as we want it and they are not accustomed in the United States yet, because they have not got the market. Perhaps if they get the market to suit them they would do it.

The CHAIRMAN. Are the duties on cotton goods coming to Cuba specific or ad valorem?

Mr. PLACÉ. They are specific; so much per kilo.

The CHAIRMAN. What is the equivalent ad valorem?

Mr. PLACÉ. Thirty-three and one-fourth on cotton, 40 per cent on linen, 45 per cent on wool, and 50 per cent on silk. That is the equivalent, between the specific and the ad valorem, on the four articles.

The CHAIRMAN. What is the duty on machinery?

Mr. PLACÉ. At the present time we are only paying 5 per cent until the 31st of October of this year. The duty on machinery in the special concession is 10 per cent ad valorem.

The CHAIRMAN. What portion of the machinery do we export into Cuba?

Mr. PLACÉ. At the present time we have not done so much. With the exception of two or three sugar estates very little machinery has been imported. During the time of the reciprocity, from 1891 to 1894, the importations of machinery to Cuba from the United States amounted to from \$35,000,000 to \$40,000,000.

The CHAIRMAN. What was the duty?

Mr. PLACÉ. One per cent.

The CHAIRMAN. On the food products—pork, lard, and products of that kind—what is the duty now?

Mr. PLACÉ. To-day the duty is very low; it is about from two to three dollars per hundred kilos, one and a half a hundred.

The CHAIRMAN. What proportion of those articles do we furnish?

Mr. PLACÉ. You supply the whole thing.

The CHAIRMAN. How about flour?

Mr. PLACÉ. You supply the whole thing.

The CHAIRMAN. The duties are the same?

Mr. PLACÉ. The duty is \$1 for everybody.

The CHAIRMAN. Then we supply all the food products?

Mr. PLACÉ. The same thing you did fifteen or twenty years ago.

The CHAIRMAN. Do you not get some kind of meat from South America?

Mr. PLACÉ. We get jerked beef; some kind of a stuff not fit for a Christian, but still they have to eat it.

The CHAIRMAN. What quantities do you import?

Mr. PLACÉ. Seventy to eighty thousand tons per annum.

The CHAIRMAN. How much is that worth?

Mr. PLACÉ. That is worth \$20 a ton and pays \$3.95 duty per ton. With free trade we would have American beef instead of that dirty dried beef. [Laughter.]

The CHAIRMAN. What duty do you tax on tobacco?

Mr. PLACÉ. We demand a very high duty in order to protect our reputation of producing first-class good tobacco, which makes you gentlemen feel good.

The CHAIRMAN. How much do you consider necessary, to protect your reputation?

Mr. PLACÉ. To protect our reputation you ought to give——

The CHAIRMAN. About how much a pound?

Mr. PLACÉ. If it comes to free trade it ought to be free to both sides.

The CHAIRMAN. But that would not protect your reputation; how much is the duty now?

Mr. PLACÉ. Four and a half cents a pound on leaf tobacco.

The CHAIRMAN. Leaf tobacco; what is that, fillers?

Mr. PLACÉ. Yes, sir.

The CHAIRMAN. What do you charge on wrappers?

Mr. PLACÉ. We do not have any; we charge for the whole, in one or the other.

The CHAIRMAN. You charge 4½ cents a pound on leaf tobacco. What is the duty on tobacco coming from Porto Rico now?

Mr. PLACÉ. The same as from the United States.

The CHAIRMAN. Do you not get some of that in there now?

Mr. PLACÉ. No, sir.

The CHAIRMAN. You used to do so?

Mr. PLACÉ. Yes, sir; by contraband. We used to bring tobacco from Porto Rico——

The CHAIRMAN. That was before the war?

Mr. PLACÉ. Long before the war.

The CHAIRMAN. You took in large quantities?

Mr. PLACÉ. No, sir; not so large. We used to bring it from Porto Rico to some of the Cuban ports, and ship it from those Cuban ports to Habana; but that was stopped about eight or twelve years ago.

The CHAIRMAN. That continued up to the close of the war?

Mr. PLACÉ. Oh, no; excuse me, that has been fought out.

The CHAIRMAN. I thought that continued up to the close of the war. Did that injure your reputation?

Mr. PLACÉ. It did somewhat; the tobacco men of Habana fought very hard against it.

The CHAIRMAN. If we make tobacco free, is there not danger of getting some of the Virginia tobacco and injuring your tobacco?

Mr. PLACÉ. When we are free it must be free for everybody.

The CHAIRMAN. But if it is made free you would import tobacco from the United States?

Mr. PLACÉ. That may be the case; but at the same time I guess our manufacturers will not work this Virginian or Porto Rican tobacco in order to hurt their reputation.

The CHAIRMAN. Your cotton goods come now mostly from where?

Mr. PLACÉ. They come from England, Germany, France, and Spain, \$67,000,000 a year, of which you have nothing but samples. Last year the United States imports amounted to \$500,000; year before last, \$700,000.

The CHAIRMAN. Your opinion as a merchant is that in order to secure that trade for the United States on cotton goods it will require free trade?

Mr. PLACÉ. It will require free trade.

The CHAIRMAN. Entirely free—

Mr. PLACÉ. Coastwise trade between Cuba and the United States forever.

The CHAIRMAN. Free trade on machinery would not give the United States the trade down there, would it?

Mr. PLACÉ. Yes, sir; because we will have 20 per cent ad valorem for any other country. We are not going to make free trade for everybody. The rest will have to face the Dingley bill, which will be the bill which will be in force in Cuba.

Mr. SWANSON. If we were to establish free trade between the United States and Cuba, goods could be imported into Cuba and then reimported into this country free; and if a state of affairs like that would exist do you believe the Cubans would be willing for us to take some interest in the administration of the customs laws to prevent such a state of affairs? For instance, if goods were free from Cuba to the United States American people, to escape the Dingley law, could ship to Cuba and from Cuba here.

Mr. PLACÉ. You would have the right to protect yourself, because we can give you lessons in that kind of business; but the law is here to protect you.

The CHAIRMAN. How about boots and shoes?

Mr. PLACÉ. We import about \$2,000,000 a year.

The CHAIRMAN. Where does that come from?

Mr. PLACÉ. We get the majority of it from Spain. We import from Spain \$1,300,000; \$200,000 from France. Those are ladies' shoes which we get from France, and we get gentlemen's shoes from Spain, and about from three to four hundred thousand dollars from the United States.

The CHAIRMAN. What is the duty on those?

Mr. PLACÉ. The duty is 15 cents per pair for shoes, and 15 per cent ad valorem on the low class of shoes, and 20 cents a pair and 20 and 25 per cent ad valorem for fine shoes.

The CHAIRMAN. That is about 25 to 35 per cent ad valorem?

Mr. PLACÉ. Thirty-three and a half, you may say.

The CHAIRMAN. And of course your people down there have been wearing Spanish shoes from time immemorial?

Mr. PLACÉ. Yes, sir.

The CHAIRMAN. Now, it would take quite a difference in the price to turn the trade from the Spanish shoes to American shoes?

Mr. PLACÉ. Free trade will give you the whole market for shoes, cotton, and everything else.

The CHAIRMAN. And you think that nothing short of free trade will give us substantially the markets in the items you have mentioned?

Mr. PLACÉ. I see nothing short of free trade, because we are bound to have free trade sooner or later. We are tied to America by the Platt amendment, and perpetual commercial relations ought to be made once and forever; and I am sure we will not do the harm to the United States people some of the interests of the United States think we are going to do, because if it is true it will hurt the sugar people for a year or two they will get up to their possibility in a very short while, and will be able to produce all they can produce. We are not coming to fight against them; on the contrary.

Mr. TAWNEY. If free trade will give the Americans your market which you claim exclusively, how will the independent government of Cuba raise its revenues to defray the operating and running expenses of the government?

Mr. PLACÉ. I will say to you, how is the Cuban government going to raise anything in a country governed as she is to-day?

Mr. TAWNEY. That does not answer my question. Do you propose to maintain internal taxes?

Mr. PLACÉ. Yes, sir. We have to come to some conclusion; I do not see any other way. Our custom-house pays from \$15,000,000 to \$16,000,000, or rather has until to-day. As things are now we have only six weeks to live, and inside of six weeks we are busted. As soon as we have to face the payments at the end of this month I would like to know how we are going to do it, and we have to declare ourselves out.

Mr. TAWNEY. It will take some considerable time for you to provide and operate a system of internal-revenue taxation that would give you sufficient revenue to defray the expenses of your government, will it not?

Mr. PLACÉ. We will have to study the thing. But the proper solution of the Cuban problem is virtually free trade with both countries.

Mr. SWANSON. As I understood from your remarks a few minutes ago, you favor the extension of the present tariff laws of the United States against foreign countries and you have free trade with the United States. For instance, you favor Cuba imposing the Dingley duties on other countries, except the United States, and between the United States and Cuba you would desire to have free trade. That is your idea of the solution of the matter?

Mr. PLACÉ. Yes, sir.

Mr. SWANSON. If that was done, then unless the United States had some control of the administration of the customs laws in Cuba, if they should be not very rigorous in the enforcement of those laws, it would be a great temptation, if you did not enforce them as we do, for people to ship goods to Cuba and reship them in here.

Mr. PLACÉ. I said it is your lookout.

Mr. SWANSON. Are your people willing, if this is done to-day, to let this Government have supervision so as to prevent such a state of affairs?

Mr. PLACÉ. Certainly; what are we going to do if we go to pieces?

Mr. TAWNEY. Can you tell me what percentage of the merchants of Habana or Cuba are Spaniards who have not renounced their allegiance to Spain—about what?

Mr. PLACÉ. The majority of the Spaniards have not; they remain Spanish.

Mr. TAWNEY. They have not renounced their allegiance?

Mr. PLACÉ. No, sir.

Mr. TAWNEY. Would that apply peculiarly to the merchants there?

Mr. PLACÉ. It refers to merchants, tobacco men, and all kinds of men. All business is in their hands.

Mr. TAWNEY. The business of the island is in the hands of the Spaniards?

Mr. PLACÉ. Because they are better merchants than the Cubans. It is because we have not had the same chance. They are a strong, economical set of people and hard-working people.

Mr. TAWNEY. Is it likely those Spaniards, when your independent government is established, will renounce their allegiance to Spain and become citizens of the republic?

Mr. PLACÉ. I suppose so, if they see that things go right.

Mr. TAWNEY. Is it not a fact that, their relations having existed so long with Spain and other European countries they traded with, would they not even under the conditions you ask for between Cuba and the United States still continue to purchase their goods, or a great many of them, from Spain and other European countries where they have been trading for so long a time?

Mr. PLACÉ. No, sir; they will trade with the United States when they have sent me here, knowing what ideas I have. They recognized it was the only solution for Cuba, and I represent the Cubans as much as the Spaniards.

Mr. TAWNEY. You are a Frenchman?

Mr. PLACÉ. No, sir; I am a Cuban. My father was French, but I was born in Habana.

Mr. LONG. You appear here for absolute free trade with this country?

Mr. PLACÉ. Yes, sir.

Mr. LONG. You have changed your mind on the subject in the last few months?

Mr. PLACÉ. I ask for free trade, gentlemen; I have not changed my mind at all.

Mr. LONG. Did you not some few months ago decline to come to this country as a delegate?

Mr. PLACÉ. Yes, sir; I refused to come—I could answer the gentleman's question that the Spanish were willing for us to trade with the United States on any basis the United States were willing to admit. I am a member of the Chamber of Commerce and I fought the whole question and they all agreed with me.

Mr. LONG. You were the one who thought the better course was to come here for concessions and not for free trade?

Mr. PLACÉ. I ask for free trade on the understanding it is for you to grant it; we beg, you know.

Mr. LONG. Certainly, but you thought if you asked too much you would get nothing?

Mr. PLACÉ. Certainly.

Mr. LONG. But you changed your mind and you now ask for all you want?

Mr. PLACÉ. No; because they told me if I asked for more I would get a little more, probably, than you intended to give. I am frank with it, you know. [Laughter.]

Mr. LONG. You ask for all and expect to get a part?

Mr. PLACÉ. As much as possible, if not all. We think it is to the interest of both parties; it is just as good for us as for the manufacturers of the United States.

The CHAIRMAN. You were not one of the delegation coming here a year or two ago talking about treaties with some of the West Indies and said you would be content if you got the same concessions on sugars—

Mr. PLACÉ. I said I would be very happy if you would make the same concessions as to Porto Rico—

The CHAIRMAN. No; the other islands—a 10 per cent reduction of the duty?

Mr. PLACÉ. No, sir.

The CHAIRMAN. You were not with that delegation?

Mr. PLACÉ. I came with a commission first to ask a reduction on the export duty of tobacco and reciprocity. I can assure you I have been looking for this for ten or twenty years. Coastwise trade between Cuba and the United States is the salvation of Cuba and good for the United States.

The CHAIRMAN. As I understand you nothing short of free trade will admit our exports into Cuba?

Mr. PLACÉ. I do not say nothing short, but I say I would like to get that.

The CHAIRMAN. What concession will do it on your Cuban duties?

Mr. PLACÉ. Fifty or 60 per cent.

Mr. SWANSON. As I understand, you said the tariff in Cuba at present is very low and on account of the present low tariff it would possibly require free trade to give us full control over those markets, but if Cuba was to increase her tariff against foreign countries and then reduce it about 40 or 50 per cent to the United States it would work the same advantage as giving free trade with Cuba at the present.

Mr. PLACÉ. Free trade, a bargain made in perpetuity.

Mr. LONG. In the main what is the difference in rates between the present military tariff in Cuba and the tariff of 1897 as you call it?

Mr. PLACÉ. The tariff of 1897 was reduced 110 to 115 per cent on all articles and on some articles 135 per cent. To-day our tariff, made by the military government, is 33½ to 34 per cent on the whole, one thing for the other.

Mr. LONG. What would be the effect on our trade with Cuba to take the tariff of 1897 and accord us a concession of 50 per cent on those rates?

Mr. PLACÉ. You will have the whole business.

Mr. LONG. Would that probably give Cuba enough revenue to run her government?

Mr. PLACÉ. It would give more than it does to-day.

Mr. LONG. Her receipts to-day are about \$15,000,000 to \$16,000,000?

Mr. PLACÉ. Yes, sir; but you must bear in mind that with sugar worth \$3 the revenues of the custom-house will not reach \$7,000,000; our trade must stop.

Mr. SWANSON. As I understand, you will have to have an internal revenue if sugar stays at the present low price, and very few goods will be purchased by the Cubans and imported, and you will have a deficit anyway under the present tariff?

Mr. PLACÉ. I would like to know what we can do if we can not sell our sugar?

Mr. TAWNEY. That condition does not exist to-day.

Mr. PLACÉ. It is approaching, yes, sir; and we come here to look for a remedy before we get there.

Mr. TAWNEY. You are familiar with the industrial conditions of the island?

Mr. PLACÉ. Yes, sir.

Mr. TAWNEY. At the present time outside of Habana there is no labor that is idle or unemployed?

Mr. PLACÉ. No, sir; the Central Railroad of Cuba will take anyone who wants work.

Mr. TAWNEY. You are merely anticipating an industrial depression in consequence of the present low price of sugar resulting from the overproduction of sugars throughout the world?

Mr. PLACÉ. Yes, sir; and that is the only thing we fear—the vital question in Cuba is the sugar question.

Mr. TAWNEY. There is no question about tobacco?

Mr. PLACÉ. Not so much.

Mr. TAWNEY. There is no such depression in regard to tobacco?

Mr. PLACÉ. No, sir.

Mr. TAWNEY. You spoke of the Central Railroad. What railroad is that?

Mr. PLACÉ. That is the railroad from Santa Clara to Santiago de Cuba.

Mr. TAWNEY. Who is building that railroad?

Mr. PLACÉ. It is being built by American capital, and it is a great relief to-day to Cuba to have such a thing in the island, which helps us.

Mr. TAWNEY. Is that the Van Horn road?

Mr. PLACÉ. Yes, sir.

Mr. TAWNEY. He is a Canadian.

Mr. PLACÉ. He is an American, I think.

Mr. TAWNEY. He is a Canadian by birth, I think. There is one more question I did not ask you yesterday in regard to the percentage of available sugar lands now under cultivation there. Do you know what per cent of available sugar lands is under cultivation?

Mr. PLACÉ. I said yesterday about one-third.

Mr. TAWNEY. Do you think it would be as much as that?

Mr. PLACÉ. About that, because not all the land in Cuba is good; a great deal of the land of Cuba is good for nothing.

Mr. TAWNEY. If you undertook or the conditions were such as would encourage the further development of sugar you would have to import labor?

Mr. PLACÉ. Yes, sir.

Mr. TAWNEY. Where would you get the labor from?

Mr. PLACÉ. We would like to get the laborers from Spain or the Canaries. We can not get labor from the United States at \$25 a month, for they would not go there for that amount.

Mr. TAWNEY. Would you import them from the South American countries?

Mr. PLACÉ. No, sir.

Mr. TAWNEY. Why not?

Mr. PLACÉ. Well, we are not very good, but they are still worse.

Mr. TAWNEY. Do you suppose that the Republic of Cuba would enact laws excluding that class of people?

Mr. PLACÉ. No, sir; I do not think so.

Mr. TAWNEY. If the condition of labor improves as a result of the development of the industry, and there was no restriction upon immigration, what would prevent the people from the South American countries coming there to take advantage of the better conditions?

Mr. PLACÉ. We will have to establish the same immigration laws you have here. We can avoid the importation of tramps there.

Mr. TAWNEY. That would result in a large influx of people from South American countries if the condition of labor improved there so it would be to their advantage to come there?

Mr. PLACÉ. Yes, sir.

Mr. TAWNEY. And these natives, you say, are a more objectionable race than you now have?

Mr. PLACÉ. Yes, sir.

Mr. LONG. What do you consider to be the possibility of the sugar production in Cuba—the maximum?

Mr. PLACÉ. I think we will get in about ten years to about 2,000,000 tons if we have the market of the United States, because we have not enough population in Cuba to get much further than we are to-day. When a gentleman says we jumped from 300,000 to 600,000 and from 600,000 to 800,000 tons, that is not due to the work, but to the weather. The elements have done it. We may plant next year twice the amount of cane and still not reach 700,000 tons, but in the middle of all our troubles God or the elements came to help us.

Mr. LONG. Your production this year is greater than that of 1894?

Mr. PLACÉ. By 250,000 tons.

Mr. LONG. That was the greatest year?

Mr. PLACÉ. In 1894 we had 1,084,000 tons.

Mr. LONG. That was your largest crop?

Mr. PLACÉ. Yes, sir; that was our largest crop. Now, the largest crop in Cuba does not come by work or planting; it comes from the weather.

Mr. TAWNEY. What was the crop in 1891, when the reciprocity treaty was in force?

Mr. PLACÉ. Nine hundred and forty thousand tons.

Mr. LONG. What would be the total production if all the sugar land was under cultivation under favorable conditions?

Mr. PLACÉ. I think in twenty years from now Cuba could produce 3,500,000 tons; but to do that we will need to have from 6,000,000 to 8,000,000 inhabitants, because we can not handle that quantity of sugar. To-day to handle 800,000 we are going to have trouble. We do not have the men to do it.

ADDITIONAL STATEMENT OF MR. MENDOZA, OF CUBA,

Sugar planter.

Mr. MENDOZA said: I just want to say a few words in regard to the possibility of Cuba making such a large crop. I am a sugar planter to-day, and I would not go into the business if sugar prices continue as they are. The sugar production of Cuba is not only limited by the labor we would have to import, but by the price of sugar; and I do

not believe anyone who had the money to invest would invest in the sugar business if it was to continue at prices that sugar can be sold at to-day in the market. So to increase the production of Cuba to two or two and one-half million tons would require us to import laborers, even if we wanted to make sugar at these prices. I myself would not go into the business.

Mr. TAWNEY. How large a plantation have you there?

Mr. MENDOZA. Sixteen thousand tons, 27,000 acres; but all the land is not planted.

Mr. ROBERTSON. Is it susceptible of being planted in sugar?

Mr. MENDOZA. All the land I own? No, sir.

Mr. ROBERTSON. How much of it is?

Mr. MENDOZA. About one-third of it.

Mr. ROBERTSON. How large a capital is invested now in the sugar industry in Cuba?

Mr. MENDOZA. I do not know exactly, but I suppose \$200,000,000 or \$300,000,000. Now as regards the increase of crop since the American occupation, I would say you can not look to the future increase in sugar and compare that with what it has increased in the last three years, because before the American occupation, before the war with Spain, factories existed in Cuba. We were prepared to make 1,000,000 tons of sugar, and the factories have been burned. Of course the machinery was there ready to make the sugar, while the increased production of sugar to-day would require new capital and new factories would have to be built. We could produce next year 1,000,000 tons of sugar without building new factories.

Mr. ROBERTSON. Do you think you will do that next year?

Mr. MENDOZA. Not with the present prices.

Mr. ROBERTSON. Suppose the prices in the world were better, could you do it?

Mr. MENDOZA. We could, but we will not do it next year, as very little cane has been planted.

Mr. ROBERTSON. That is a matter of seed?

Mr. MENDOZA. No, sir; it is a matter of money and of workmen, but especially of money.

Mr. ROBERTSON. Are you familiar with the conditions which existed in the Hawaiian Islands before the reciprocity treaty with the United States—you have kept up with the sugar world?

Mr. MENDOZA. I am familiar with the possibilities now.

Mr. ROBERTSON. Do you not know they increased their sugar production in twenty years 2,500 per cent?

Mr. MENDOZA. Yes; I know it.

Mr. ROBERTSON. And when they started with reciprocity with the United States they had as much trouble with labor as you do, and more?

Mr. MENDOZA. Yes; but then the price of sugar was pretty good for them.

Mr. ROBERTSON. I know that; but even free trade with Cuba, I understand from the testimony we have gotten on this subject in this hearing, would not affect the price at all in the world?

Mr. MENDOZA. No; it would not to-day, because there is an over-production.

Mr. ROBERTSON. So, then, free trade will not give you better prices. It is a matter of the price in the market?

Mr. MENDOZA. I believe if the Hawaiian Islands stood now as they did before they got free sugar with the United States, I do not think they would increase the production now.

Mr. ROBERTSON. It is a matter of restriction of territory?

Mr. MENDOZA. No. What I mean is, the price of sugar for the last twenty years has been a profitable price, but to-day I do not think the same people who invested their money before would go now to the Hawaiian Islands and invest their money in producing sugar.

Mr. ROBERTSON. Certainly they could not compete with the sugar planters already there.

Mr. MENDOZA. If there existed no sugar planters there——

Mr. ROBERTSON. That is another question entirely. I am talking about the fact it has done it.

Mr. LONG. You advocate free or reduced duties on raw sugars?

Mr. MENDOZA. Free sugar.

Mr. LONG. Free raw sugar?

Mr. MENDOZA. Free raw sugar. I do not care for refined sugar, as we do not refine sugar.

Mr. LONG. What benefit would it be to Cuba to have free refined sugars?

Mr. MENDOZA. We would refine, but I do not think you would expect to admit free refined sugar here.

The CHAIRMAN. Is there any other gentleman who desires to be heard to-day on this question?

Thereupon the committee adjourned, subject to the call of the chairman.

AGAINST RECIPROCITY—TOBACCO INTERESTS.

COMMITTEE ON WAYS AND MEANS,
Tuesday, January 21, 1902.

The committee met at 10 o'clock a. m., pursuant to adjournment, Hon. S. E. Payne in the chair.

STATEMENT OF MR. JOHN R. YOUNG, OF PHILADELPHIA, PA.,
President of the National Cigar Leaf Tobacco Association.

MR. YOUNG. Mr. Chairman, the question as to the advisability of the United States granting tariff concessions to Cuba on her products imported into this country has been under discussion ever since the war with Spain ended, and there has undoubtedly been aroused a public sentiment in favor of such concessions. The only basis for this, however, is the fact that the American people are always ready to assist in the amelioration of conditions which appear to exist among the people of any country not blessed as we are with a republican form of government and the advantage derived by their citizens therefrom. But the people of the United States are always as just to themselves as they are to the citizens of any other country; and when the facts are fully presented by those most directly affected by the proposed legislation, the case can be fully made up and a verdict rendered which I believe will be entirely different from that which now is only the result of editorial opinion, although it may appear to be public opinion.

In opening this discussion I would say for myself personally, and also for the entire membership of the organization which I represent, that we have been in thorough accord with the policy of the Government which has as its results the releasing of the Cuban people from the yoke of Spanish oppression. Whatever I may say must be understood not to imply that either the speaker or the organization which he represents have any regret for what our country has done or may do for the benefit of the Cuban people, providing the expense thus incurred shall be equally borne by all the citizens of the United States, and not alone by any one or two industries.

Up to the present time our entire people have shared in the expenses incurred; but by the proposed legislation this is to be changed, and two industries, sugar and tobacco, are called upon to bear the full expense. This is not the statement made by those who favor the proposed legislation; but that it is practically true I shall endeavor to demonstrate by actual facts. Right here let me say that I do not speak as a paid attorney, or even as a salaried official of a trade organization, but simply as an ordinary merchant and an American citizen; and I therefore only ask for the consideration that is my just right under the Constitution.

The organization which I represent is The National Cigar Leaf Tobacco Association. Its membership comprises all of the importers, packers, and dealers in cigar leaf tobacco in the United States. Some conception of the annual business handled by those I represent can be readily had when you consider that they furnish the leaf tobacco consumed by the manufacturers of cigars, who during the last calendar year manufactured and placed upon the market for consumption 6,000,000,000 of cigars, which required 120,000,000 of pounds of raw material. I simply use these figures to show the magnitude of this industry; but this can be more clearly shown by the fact that the Government has received from it in revenue, through the internal revenue and the custom departments, over \$30,000,000. I submit that an industry which pays the Government this amount annually is deserving of some consideration, and especially so at this time, when its very existence is threatened by proposed legislation as unjust as any that has ever been brought before you.

The Cuban committee, in their printed argument in favor of the legislation for which they ask, open with two propositions, and I shall first briefly reply to these.

The first proposition is, "The United States is under a moral obligation to aid Cuba in the reestablishment of prosperity in the islands so far as aid can be given without injury to American industries." With this proposition I thoroughly agree, for we undoubtedly are under "moral obligation" to aid Cuba; but in doing so we must first consider the duties which we owe to the citizens of our own country and its industries.

I am here to-day to ask that your first consideration be, Will the proposed legislation injure the tobacco industry? I contend that it will; and if I can satisfy you that such is the fact, then, on the Cubans' own proposition, there should be no change made in the rate of duty now existing on tobacco or its manufactures imported from Cuba.

The Cuban Committee's second proposition is that the "commerce and industry of Cuba are in imminent danger of disaster if aid is not given immediately." In reply to this I would ask, Is this the statement of a fact? If it is, then the statements made by the Cuban Committee must be untrue, for they say that the tobacco industry in Cuba is in a prosperous condition. According to the statistics issued by the Treasury Department the business of Cuba must be equally so, for by the figures obtained from this source it is shown that Cuba's imports of merchandise for the last fiscal year amounted to \$65,050,141 and her exports to \$63,115,821. Surely the progress of Cuba thus shown is evidence of the fact that the commerce and industry of the island are not in imminent danger of disaster.

Is it not a fact that additional capital is constantly being invested in sugar and tobacco lands, and that labor is fully employed? From what this committee has already heard from those most interested in the proposed concessions, it seems to me that your answer must be in the affirmative.

Further, the attorney who wrote the Cuban argument says: "The important question is whether the proposed plan would benefit or injure American interests. In determining this question no single American industry is entitled to consideration."

Again do I agree with their attorney, but I also submit the question whether Cuba is solely entitled to consideration as against any one or

two American industries, even on the so-called moral grounds? If the Cubans have this privilege, then they have more rights than have the representatives of any American industry; and if the legislation for which they ask (which I claim is largely in the interest of Spanish subjects) be enacted, it would be detrimental not only to the industry which I represent, but to every American citizen, for it places the interests of the alien first.

Again, referring to the attorney's brief presented by the Cuban committee, I reach that portion which relates to the tobacco industry. I am surprised that he so briefly treats our tobacco industry; and it is in answer to this portion of the argument that I especially desire to be heard.

The first proposition is, "There is no longer much pretense that the free introduction of the Cuban tobacco will injure the American industry."

How any intelligent man can make such a statement as this is beyond my comprehension. Let me briefly endeavor to show who will be injured by the free introduction of Cuban tobacco and its manufactures.

Cigar leaf tobacco is grown principally in the States of Ohio, Wisconsin, Pennsylvania, New York, Connecticut, Vermont, Massachusetts, New Hampshire, Florida, Georgia, Texas, and, to a small extent, in California. The acreage of the principal States growing tobacco is as follows:

	Acres.
Ohio	35,000
Wisconsin	25,000
Pennsylvania	25,050
New York	7,295
Connecticut	11,629
Massachusetts	4,486
New Hampshire	125
Vermont	287
Southern States of Florida, Georgia, and Texas	2,600

From this tremendous acreage and its consequent production one can easily estimate the many thousands of honest American agriculturists whose means of livelihood would be injured by the introduction of free tobacco from Cuba. While calling your attention to the tobacco grower, I would here say that the statement made by the Cuban attorney in his brief that the American tobacco growers do not seriously oppose Cuban competition is absolutely untrue; for, with the exception of one gentleman from Connecticut (of whom I will have something to say hereafter), the feeling of opposition and protest to any change whatever in the tobacco tariff is positively unanimous. This is evidenced by the fact that in all of the tobacco-growing sections meetings have been held and resolutions adopted protesting against the proposed legislation.

This statement I desire to most emphatically make, and I challenge the production of anyone, outside of the president of the New England Tobacco Growers' Association, who favors any change at this time in the duties. It is the unanimous sentiment of those engaged in the tobacco industry in this country that no change whatever should be made in the existing American tariff on tobacco, knowing as they do that the introduction of tobacco, either free or at a reduced duty, would mean serious curtailment of their income. The tobacco grower fully recognizes his dependence for his own and his family's support upon

the prosperity of the cigar-manufacturing industry of the United States, for that is really the foundation upon which is builded our entire industry.

In addition to the Cubans' demand for a reduction on the raw material they ask for a reduction of the duties on the manufactured article, and they claim that because the production of cigars in Cuba does not exceed 250,000,000 per annum, the admission of these goods into the United States at half the present duty would have no serious effect on the business of the American manufacturer.

Again I say that were it not that the question is of too serious a nature, this contention would be ludicrous in the extreme. The fact is that with the rate of duty on manufactured goods reduced one-half, not only would the 250,000,000 cigars which Cuba now produces be thrown on our market, but we would very soon be asked and expected to take two or three times this quantity.

Even admitting, for the sake of argument, that there would be no increase in the manufacture of cigars in Cuba, and that we would take only 250,000,000 per annum, what would it mean? Plainly and emphatically the wiping out of the American-made 10-cent cigar, bringing about in turn a relative reduction in the business of the American manufacturer and in the amount of the finer quality of American tobaccos used in the manufacture of these goods. And right here, in spite of the elaborate argument of President Frye, of the New England Tobacco Growers' Association, I assert that the Connecticut growers would be the most affected; for a very large proportion of the New England tobacco is used for binder purposes in the manufacture of 10-cent cigars.

It has been stated that even with a reduction of duty on imported cigars Cuba could not bring here any goods which would seriously compete with the American manufacturer.

This is absolutely untrue; for it is a well-known fact that with a duty of \$2.25 per pound and 12½ per cent ad valorem (the rate for which the Cubans are asking), or even with a reduction of 25 per cent on the duties, the Cuban manufacturer could lay down a cigar here, duty paid, for less than the American manufacturer receives for his high-grade goods. This fact, together with the advantage the Cubans have of having their goods advertised to the world by a peculiar stamp as imported goods, would secure for them the entire American market for all goods above 5-cent cigars. If Congress desires to reduce the American cigar manufacturer to the level of the European cigar manufacturer the method is at hand to secure such a result.

The statements made through the press as regards the condition of the tobacco and cigar industry on the island are absolutely untrue; and those who make them know that they are only used for the purpose of securing sympathy, and to arouse a public sentiment in favor of a reduction of duties so as to enable a few Cuban growers to secure a higher price for their products, and to more easily enable the Habana cigar manufacturer to control the American market for high-grade cigars.

That my statement is true every man in our business knows; but to convince the people of its truth, and to show the falsity of the Cubans' position, it is necessary to show what the actual conditions are now as compared with the conditions previous to the Spanish war.

For several years before the war the production of leaf tobacco on

the island had grown to such an extent that the prices paid by the American importer were every year becoming lower and the quantity imported becoming greater, until in 1896 the maximum of quantity was reached, but with the minimum of price, viz, imports of leaf tobacco, 1896, 26,771,317 pounds; value, \$10,613,468, or 39½ cents per pound. In 1901 the imports of leaf tobacco were 18,851,727 pounds; value, \$9,837,320, or 52½ cents per pound. It is thus shown that during the last fiscal year the Cuban grower received 12½ cents more per pound for his crop than he did before the war, with the advantage for the future that while previous to the war there had been for years a surplus of tobacco on the island, this year all of the best grades of the 1900 crop have been entirely disposed of, and the only good tobacco now available is the last or 1901 crop. So that the statement that the Cubans have no market for their leaf tobacco is, I repeat, absolutely untrue. It is not a larger market for their tobacco that they want, but a higher price for what they have to sell, and to enable them to secure this we are asked to reduce the duty.

So much for the raw material. What about cigars?

The fact is that we took in 1901 more cigars, for which we paid them more money, than in any year since 1893; and with this knowledge comes the inducement to endeavor to secure a still larger share of the American market, which they surely will do if there is any reduction in the duties on cigars. It is this fact which has aroused the cigar manufacturers and their employees all over the country in opposition.

There are over 27,000 separate licensed cigar factories in the United States, employing hundreds of thousands of operatives. These are the first who will be affected; for along with the increased production of the finer grades of cigars in this country there has come an increase in the wages of the employees. I can safely say that the cigar makers are earning more per capita now than they have for fifteen years, and their earnings will continue to increase unless the Cubans be granted the concession in duties on cigars for which they ask—or in fact any concession; for even a reduction of 20 or 25 per cent will cause serious results to the manufacturer of the higher grades of cigars and to his employees.

Mr. RICHARDSON. How? Would it reduce the price to the consumer in the United States?

Mr. YOUNG. Do you mean would it reduce the price for imported cigars?

Mr. RICHARDSON. Yes.

Mr. YOUNG. It would reduce the price for imported cigars; yes, sir.

Mr. RICHARDSON. To the consumer?

Mr. YOUNG. To the consumer; yes, sir.

Mr. RICHARDSON. Ought not the consumers of cigars to favor that?

Mr. YOUNG. I do not think the consumers would favor it if they knew what harm it would do to the American manufacturer and his employees.

Mr. RICHARDSON. What is the proportion of consumers to manufacturers in this country? Are there not from 95 to 98—

Mr. YOUNG. But is it any material advantage to the consumer of a cigar?

Mr. RICHARDSON. I am asking you if he would not be in favor of it if he gets it at a lower price?

Mr. RUSSELL. What effect would it have upon the domestic cigar?

Mr. YOUNG. The domestic cigar is the cigar manufactured in the United States. It will have this effect: Since 1890 the manufacture of high-grade cigars—that is, a cigar above 5 cents and running up to 15 or 20 cents at retail—has very largely increased in the United States owing to protection. With this reduction there will be no incentive for the manufacturer to make those goods. He can not make them. He can not compete with the imported cigar.

Mr. RUSSELL. There is no incentive for him to educate a taste for an imported cigar?

Mr. YOUNG. None at all; no, sir.

The CHAIRMAN. I would suggest that Mr. Young first finish his remarks along the lines he has laid out.

Mr. YOUNG. Under the protection of the American tariff, and aided as he now is by the Department of Agriculture, the tobacco grower has been enabled to bring to his aid scientific methods, with the result that his product is fast coming to a point of excellence that will make it a strong competitor with Sumatra and Habana tobacco. In fact, the results obtained, by reason of the methods inaugurated in Connecticut by the present Secretary of Agriculture, are far beyond the conception of even the most sanguine of its advocates. With the further development of the same methods in Pennsylvania and Ohio, the results in these States will be all that is anticipated for them; and with a continuance of the present rate of duty there will come added prosperity to the American tobacco grower, dealer, and manufacturer. I therefore earnestly hope that your honorable committee will decide to refuse to make any tariff concession whatever, recognizing that to do so would be to legislate against the interest of thousands of your fellow-citizens.

It may seem to the public at large that this question is a new one, but I am satisfied that there are gentlemen present—members of the Ways and Means Committee—who will readily recall the efforts which have previously been made to secure a reduction in the duties on Cuban tobacco and its manufactures. I refer to the treaty negotiated between the United States and Spain by United States Minister John W. Foster, which was concluded November 18, 1884, and sent to the Senate by President Arthur on December 10 of the same year. That treaty provided for reciprocity between the United States and the islands of Cuba and Porto Rico on the basis of elaborate schedules which formed part of the treaty. In those schedules the rates of duty on tobacco and cigars imported from the islands were exactly one-half of the then existing rates, which briefly were as follows:

Wrapper leaf, 75 cents per pound; filler leaf, 35 cents per pound; cigars, \$2.50 per pound and 25 per cent ad valorem.

They asked for a 50 per cent reduction of those rates.

The arguments made in favor of this treaty were almost the same as they are to-day, viz, that if we would concede this reduction in the duties on tobacco and its manufactures, the manufacturers of other American goods would find a larger market for their goods in Cuba and Porto Rico by reason of the lower rates of duty which would be given on American goods. From the date of the receipt of this treaty by the Senate, a flood of petitions poured into Washington in opposition to it, a number coming from the tobacco trade in all parts of the country. So far as I can learn, the treaty was not even debated by the Senate in executive session, and we all know it never was ratified.

I certainly hope the same fate will await this later attempt of the Cuban tobacco grower and manufacturer to secure an entrance into the American market.

Our cause is now with you. If we can judge of the future by the past our interests are in safe hands; for it does not seem possible that the members of this committee will give the weight of their influence in favor of a measure which they must know will hinder the progress of one of their country's greatest industries.

The CHAIRMAN. Mr. Young, the present duty on wrapper tobacco amounts, on the average, to \$1.85 per pound; does it not?

Mr. YOUNG. Yes, sir; on wrapper tobacco.

The CHAIRMAN. What proportion of the tobacco imported from Cuba pays that duty?

Mr. YOUNG. I hardly think 1 per cent; about a half of 1 per cent.

The CHAIRMAN. About a half of 1 per cent?

Mr. YOUNG. Yes, sir.

The CHAIRMAN. What particular harm will be done by providing for a uniform rate of 35 cents per pound, in view of that fact?

Mr. YOUNG. In answer to that question I would say, Mr. Chairman, that great harm would be done to the American tobacco industry and to the American tobacco grower. During the last two years, owing to the work done by the Agricultural Department, new methods have been introduced in this country, and those methods have been adopted now by Cuba, Mr. Chairman.

The CHAIRMAN. Oh, I know that; but if only one-half of 1 per cent of all the tobacco imported pays this \$1.85 duty, the rest coming in at 35 cents, what particular harm (no matter what the conditions are about our raising tobacco here) would come to the tobacco interests?

Mr. YOUNG. The harm will come in the future. That is what I desire to explain, Mr. Chairman. They are adopting the same methods in Cuba that they have in Connecticut, of growing tobacco under shade for wrapper purposes; and that is the point we make. That is their idea; they want a uniform duty so that they can get their tobacco in.

The CHAIRMAN. The Government does not seem able to collect, or at least does not collect, the duty at \$1.85 for wrapper purposes. Now, would it harm our people a particle more than a half of 1 per cent of the whole business?

Mr. YOUNG. Do I understand you to refer to a uniform duty?

The CHAIRMAN. Yes; a uniform duty of 35 cents a pound on Cuban tobacco.

Mr. YOUNG. My answer is, as I said before, that it would harm them in the future.

The CHAIRMAN. Any more than half of 1 per cent?

Mr. YOUNG. Yes, sir; undoubtedly, Mr. Payne, because the tobacco grown under shade in Cuba for wrapper purposes must pay \$1.85 duty. It would be impossible to get it into the United States at any lower rate.

The CHAIRMAN. Then that is something which you are afraid of in the future?

Mr. YOUNG. Yes, sir; so far as the growing of wrapper tobacco is concerned.

The CHAIRMAN. Now, another thing. You say that when the reciprocity treaty was presented to the Senate the duty on cigars was \$2.25 a pound?

Mr. YOUNG. Yes, sir.

The CHAIRMAN. Was there any ad valorem duty besides that?

Mr. YOUNG. Yes, sir.

The CHAIRMAN. I did not remember about that. How much was it?

Mr. YOUNG. Under the tariff law of 1883 the rate on leaf tobacco was \$2.50 per pound and 25 per cent ad valorem. They asked for a cut of one-half.

The CHAIRMAN. Now, was the cigar industry prosperous under that duty?

Mr. YOUNG. Not as prosperous as it is now in higher grades of goods.

The CHAIRMAN. No; nothing was as prosperous then as it is now; but it was fairly prosperous, along with other industries, was it not?

Mr. YOUNG. It was fairly prosperous; but, as I repeat, nothing to compare with what it is now.

The CHAIRMAN. Oh, no. There was no industry which was as prosperous then as at present.

Mr. YOUNG. No, but the cigar-manufacturing industry to-day is prosperous in a larger degree and a larger proportion than at any other time in its history.

The CHAIRMAN. How much tobacco does it take to make a thousand cigars of the average size? Take any size you please; how many pounds of tobacco are required?

Mr. YOUNG. From 11 to 12 or 14 pounds.

The CHAIRMAN. Does that include the waste?

Mr. YOUNG. Oh, no; that is the actual weight.

The CHAIRMAN. Including the cutting, the waste, how much is it?

Mr. YOUNG. Well, say, 20 pounds.

The CHAIRMAN. And the average duty paid on that 20 pounds is about 35 cents, on Cuban tobacco?

Mr. YOUNG. On Cuban tobacco; yes, sir.

The CHAIRMAN. About \$7 for the 20 pounds, in other words?

Mr. YOUNG. Yes, sir.

The CHAIRMAN. Now, how many pounds of cigars would that produce?

Mr. YOUNG. I do not quite understand the question.

The CHAIRMAN. How many pounds of cigars will that 20 pounds of tobacco produce?

Mr. YOUNG. After it is worked up? The manufactured article weighs from 11 to 12 pounds.

The CHAIRMAN. Say 12 pounds.

Mr. YOUNG. Yes, sir; take 12 pounds for the average.

The CHAIRMAN. And the duty on that 12 pounds would be how much?

Mr. YOUNG. Four dollars and a half a pound.

The CHAIRMAN. That would be \$54 per thousand?

Mr. YOUNG. Yes, sir.

The CHAIRMAN. And how much are those cigars worth?

Mr. YOUNG. Well, they vary in price. You are talking now about imported cigars, are you?

The CHAIRMAN. The cigars you are speaking of, 12 pounds to the thousand. Yes; I mean imported cigars.

Mr. YOUNG. They vary in price from \$24 up per thousand.

The CHAIRMAN. So that the ad valorem duty amounts to, say, \$6?

Mr. YOUNG. Yes, sir.

The CHAIRMAN. That would be \$60 duty on the thousand cigars?

Mr. YOUNG. Yes, sir.

The CHAIRMAN. Now, how much would it cost for labor in this country to make those thousand cigars?

Mr. YOUNG. Per thousand?

The CHAIRMAN. Per thousand; yes.

Mr. YOUNG. Twelve dollars; from \$10 to \$12.

The CHAIRMAN. Now, do you mean to say that half of \$4.50 would not be a protective duty on those cigars? That would amount to more than the cost of the labor, would it not?

Mr. YOUNG. Yes, sir. We are speaking now, Mr. Payne, of the cheap imported cigars.

The CHAIRMAN. Do you mean to say that half of that duty, half of \$60, \$30 a thousand (which is more than the cost of the labor), would not be a protection on those cigars?

Mr. YOUNG. We do not think it would.

The CHAIRMAN. Why not? Do they get labor for nothing in Cuba?

Mr. YOUNG. No, sir; they pay very high rates for labor there.

The CHAIRMAN. They pay higher rates than you do, do they not?

Mr. YOUNG. Yes, sir; we understand that.

The CHAIRMAN. So there is no difference in the price of the labor?

Mr. YOUNG. Practically none.

The CHAIRMAN. Then why the necessity of so large a duty?

Mr. YOUNG. As I said before, the inducement that it gives to the American manufacturer.

The CHAIRMAN. Is not that largely a revenue duty, so far as Cuban tobacco is concerned?

Mr. YOUNG. Well, it is a protective and a revenue duty. It certainly produces a revenue if the cigars are imported in sufficient quantity.

The CHAIRMAN. It is protective to the prohibitive point if we can produce as good cigars from our own tobacco, is it not?

Mr. YOUNG. Not exactly prohibitive.

The CHAIRMAN. It is pretty nearly so, is it not?

Mr. YOUNG. Well, yes; practically it is.

The CHAIRMAN. Now, do you mean to say that it is necessary to have that duty of \$4.50 and 25 cents ad valorem to protect the American cigar maker?

Mr. YOUNG. Yes, sir; we so consider it.

The CHAIRMAN. Can you tell me how that is, and why it is necessary?

Mr. YOUNG. I have endeavored to explain that by saying that it is an incentive to the American manufacturer to improve the quality of his goods. If it were not for this high protective tariff the American manufacturer could not make anything above a nickel cigar.

The CHAIRMAN. But the American manufacturer can get that same tobacco at the same price that it is sold to the Cuban, plus the freight and the duty?

Mr. YOUNG. Yes, sir.

The CHAIRMAN. So that he is on an equality in that respect. The only difference is the duty of 35 cents a pound that he has to pay on the tobacco?

Mr. YOUNG. Yes, sir.

The CHAIRMAN. And the wages of the cigar makers, you say, are no higher here than they are in Cuba?

Mr. YOUNG. Not on high-grade cigars; no, sir.

Mr. SWANSON. There is a great preference, though, for Habana cigars, is there not?

Mr. YOUNG. Undoubtedly; yes, sir.

Mr. SWANSON. If you have a Habana cigar on the one hand and on the other an American-made cigar, manufactured from exactly the same tobacco, the consumer will buy the Habana cigar in preference, will he not?

Mr. YOUNG. Yes; simply because it has an imported stamp on it.

Mr. SWANSON. He thinks it is better?

Mr. YOUNG. Yes, sir.

Mr. McCLELLAN. In other words, we can not compete to-day with Habana on high-grade cigars?

Mr. YOUNG. No, sir; it is impossible.

Mr. SWANSON. The prejudice of the people in favor of Habana cigars is such that if they can get a Habana cigar at the same price of anywhere near the same quality they will always take it in preference to the American cigar?

Mr. YOUNG. Undoubtedly; that is a well-known fact.

Mr. COOPER. Do you think if we were to reduce the tariff on cigars we could sell more cotton goods to the Cubans?

Mr. YOUNG. I do not think so, frankly. Frankly, sir, I do not think so; nor could we sell more of any other American manufactures.

Mr. McCALL. Mr. Young, I would like to ask you a question. You regard the present laws as fairly favorable to the tobacco and cigar interests, do you not?

Mr. YOUNG. Yes, sir.

Mr. McCALL. Now, suppose Congress should remove the internal-revenue war tax on tobacco and cigars, which now amounts to about \$10,000,000 a year. Then could not the cigar manufacturers and tobacco growers afford to have some concession made to Cuba, without any detriment?

Mr. YOUNG. In answer to that, I would say that the war revenue tax on cigars has already been removed.

Mr. McCALL. Are we not still collecting the war revenue tax?

Mr. YOUNG. No, sir; not on cigars. The war revenue tax was an addition of 60 cents per thousand. That has been removed.

Mr. McCALL. Well, we are still collecting the war revenue tax upon tobacco, are we not?

Mr. YOUNG. I am not discussing manufactured tobacco; I know nothing about it.

Mr. McCALL. I supposed you were speaking for the tobacco grower.

Mr. YOUNG. I am speaking for the cigar leaf tobacco grower, who is entirely different from the grower of tobacco for manufacturing purposes. I named the States in which we grow cigar tobacco. You will notice that I did not name Kentucky and the majority of the Southern States. The other tobacco is grown there. I know nothing whatever about that end of the business. Our line is entirely cigar leaf tobacco and its manufacture.

Mr. SWANSON. Your tobacco goes mostly into the 5-cent cigar and the cheroot?

Mr. YOUNG. Yes, sir.

Mr. SWANSON. It is mostly used for that purpose now, is it not? I mean the tobacco grown in your State.

Mr. YOUNG. Yes, sir.

Mr. SWANSON. It is mostly used for wrappers for 5-cent cigars and cheroots?

Mr. YOUNG. Yes, sir; and the domestic tobacco goes in the 10-cent goods, also. That is the point. People seem to think that Habana tobacco is used entirely in 10-cent goods. I say that the business of the growers of the finer qualities of American tobacco will be affected if we allow Habana cigars to come in at a lower rate of duty, by reason of the very fact that we are using in high-grade cigars some of the high-grade domestic tobaccos. It does not simply affect the cigar maker and the cigar manufacturer, but it also affects the grower—the growers of Ohio and New York.

The CHAIRMAN. How do you use it—as a filler and binder?

Mr. YOUNG. As a binder, and some as a filler.

The CHAIRMAN. In those high-grade cigars, do you use a Cuban wrapper?

Mr. YOUNG. Not all; oh, no, sir.

The CHAIRMAN. Well, largely?

Mr. YOUNG. No, sir; no, sir. Of course you understand, Mr. Payne, that they are used to some extent.

The CHAIRMAN. Yes; I know they are.

Mr. YOUNG. But not to any large extent.

Mr. RUSSELL. Have any experiments been made in Cuba as to the raising of tobacco under tents for wrapper purposes?

Mr. YOUNG. Yes, sir; during the last season.

Mr. RUSSELL. Tell us something about the extent of those experiments.

Mr. YOUNG. All I know is that there were several Cuban gentlemen here who went to Connecticut and examined what they were doing there and adopted the same methods, taking down there all the necessary appliances; and the experiment has been successful.

Mr. RUSSELL. Was this in one or two places in the island, or have the experiments been scattered around?

Mr. YOUNG. I think in only one or two places.

Mr. RUSSELL. Only one or two experiments have been made?

Mr. YOUNG. Yes; on 50 or 60 acres, I think.

Mr. RUSSELL. Fifty or 60 acres?

Mr. YOUNG. I think so; yes, sir.

Mr. RUSSELL. And have they demonstrated that that form of culture would produce a satisfactory wrapper tobacco for Cuba?

Mr. YOUNG. Yes, sir.

Mr. RUSSELL. That is something which you and the trade consider established, do you not?

Mr. YOUNG. Yes, sir; it is a growing industry there now.

Mr. RUSSELL. And that class of tobacco would be, under existing laws, subject to a duty of \$1.85 per pound?

Mr. YOUNG. Yes, sir.

Mr. RUSSELL. And it would come into direct competition with the class of wrapper tobacco raised in the United States which never before has had the competition of Cuban wrappers?

Mr. YOUNG. That is a fact, sir.

Mr. RUSSELL. Then the reason that we have only collected a wrapper duty on Cuban tobacco of one-half of 1 per cent of the production is simply because they have never raised wrapper tobacco?

Mr. YOUNG. They do not raise it.

Mr. RUSSELL. And your fear of the future is the probability, demonstrated by the experiments already made on 60 acres of tobacco lands in Cuba, that they will very soon be producing a large quantity of wrapper tobacco?

Mr. YOUNG. Yes, sir.

The CHAIRMAN. You do not mean to say that they have not been raising wrapper tobacco in Cuba for ten years, do you?

Mr. YOUNG. Oh, yes, sir; but the large proportion—

The CHAIRMAN. And it comes to this country, does it not?

Mr. YOUNG. Oh, no. A large proportion of the wrapper tobacco raised is used on the island—a very large proportion.

The CHAIRMAN. And a great deal of it comes to this country, does it not?

Mr. YOUNG. Not in any great amount; no, sir.

The CHAIRMAN. Not in any great amount?

Mr. YOUNG. No, sir. The great bulk of tobacco grown for wrapper purposes is used on the island.

The CHAIRMAN. Of course only one-half of 1 per cent pays the \$1.85 duty?

Mr. YOUNG. Yes.

The CHAIRMAN. Aside from that, a very large proportion of what is brought in here at the 35-cent duty is wrapper tobacco, is it not?

Mr. YOUNG. No; I do not concede that, Mr. Payne.

The CHAIRMAN. You do not concede that?

Mr. YOUNG. No, sir; I do not.

Mr. SWANSON. Cuban wrapper tobacco is so high that it could not possibly be used on our cigars, is it not?

Mr. YOUNG. Only to a certain extent; only on very high-priced goods.

The CHAIRMAN. Now, Mr. Young, when they raise it under tents, or under cover, is all of it wrapper tobacco?

Mr. YOUNG. Yes, sir; nine-tenths of it.

The CHAIRMAN. Nine-tenths of it is wrapper tobacco?

Mr. YOUNG. Nine-tenths of it would be wrapper tobacco; yes, sir.

The CHAIRMAN. And is it not a fact that tobacco, nine-tenths of which was wrapper tobacco, has been imported at the 35-cent duty?

Mr. YOUNG. No, sir; I think not.

The CHAIRMAN. You have the same method of raising tobacco in Florida?

Mr. YOUNG. Yes, sir.

The CHAIRMAN. And also in Connecticut?

Mr. YOUNG. Yes, sir.

The CHAIRMAN. And the experiments have been very successful?

Mr. YOUNG. Yes, sir.

The CHAIRMAN. The sheets kept the insects out, and so forth?

Mr. YOUNG. Yes, sir; they protect the tobacco.

The CHAIRMAN. And there are no holes in the leaves?

Mr. YOUNG. No, sir.

The CHAIRMAN. It is a good wrapper tobacco?

Mr. YOUNG. Yes, sir.

The CHAIRMAN. So that nine-tenths of the tobacco produced is fit for wrappers?

Mr. YOUNG. Yes, sir.

The CHAIRMAN. The same as in Cuba?

Mr. YOUNG. Yes, sir.

The CHAIRMAN. What is the importing price of wrapper tobacco in Cuba?

Mr. YOUNG. From \$4 to \$6 per pound, I will say.

The CHAIRMAN. And at what price are you able to sell your wrappers?

Mr. YOUNG. Do you refer to the fine Connecticut-grown tobacco?

The CHAIRMAN. Well, the Florida wrappers, the highest-priced wrappers that are produced here.

Mr. YOUNG. There is some Florida tobacco sold, I believe, as high as \$2 or \$2.50.

The CHAIRMAN. Not higher than that?

Mr. YOUNG. No, sir.

The CHAIRMAN. How much does it cost a pound to raise that tobacco under cover?

Mr. YOUNG. That is a question which I can not answer. There are growers here, sir, who can answer those questions much better than I can.

The CHAIRMAN. Very well.

Mr. NEWLANDS. How many grades of American cigars are made?

Mr. YOUNG. That is a very hard question to answer.

Mr. NEWLANDS. A great many grades, are there not?

Mr. YOUNG. Oh, very many. That is a very hard question to answer.

Mr. NEWLANDS. Can you tell me what is the highest-priced American cigar that is made, by the thousand?

Mr. YOUNG. Say \$150 by the thousand; that would be the highest, I think.

Mr. NEWLANDS. That would be \$15 a hundred?

Mr. YOUNG. Yes, sir; 15 cents apiece.

Mr. NEWLANDS. What is that cigar made of; what kind of tobacco?

Mr. YOUNG. Pure Habana tobacco.

Mr. NEWLANDS. What is the wrapper made of?

Mr. YOUNG. Habana tobacco; it is all Habana tobacco.

Mr. McCLELLAN. It is a Habana cigar, then?

Mr. YOUNG. Yes, sir; it is practically a Habana cigar, just the same as you get from Habana.

Mr. NEWLANDS. Do you prefer the Habana wrapper to the Connecticut or Florida wrapper?

Mr. YOUNG. Some gentlemen do. Some consumers do.

Mr. NEWLANDS. It is regarded as more valuable, is it, as a component part of the cigar?

Mr. YOUNG. Not in intrinsic value; no, sir.

The CHAIRMAN. Is it not a matter of taste?

Mr. YOUNG. It is a matter of taste, undoubtedly—a question of opinion; yes, sir.

Mr. NEWLANDS. What proportion of the cigar sales of the country consist of these high-grade cigars?

Mr. YOUNG. Well, that is a hard question to answer. I would prefer that you would ask those questions of the representatives of the cigar manufacturers; I think they can answer them better than I can. We are leaf-tobacco dealers.

Mr. RUSSELL. Mr. Young, one question: How many acres of tobacco were raised under tents in this country last year; do you know?

Mr. YOUNG. I can not answer that question off-hand, Mr. Russell. [After consultation:] One thousand acres, I am told.

Mr. RUSSELL. How many were raised in the State of New York?

Mr. YOUNG. I do not know; I do not think any. I think it was all raised in Connecticut and Florida.

SEVERAL GENTLEMEN. No; Florida.

Mr. YOUNG. Which—the wrapper tobacco?

A GENTLEMAN. Yes; Florida.

Mr. YOUNG. The fact is that they are growing tobacco under tents in both Florida and Connecticut.

Mr. RUSSELL. Another question, Mr. Young: Was any test or experiment made as to the practicability of raising tobacco under tents for wrapper purposes in other States than Connecticut and Florida?

Mr. YOUNG. Not as yet, to any extent; no, sir. That has only been done to a very limited extent outside of Connecticut and Florida.

Mr. RUSSELL. The character of the tobacco of these other States is such that it is not exactly suitable for wrapper tobacco, whether raised under tents or in the open?

Mr. YOUNG. No; there are other States which can grow wrapper tobacco as well as Connecticut and Florida, undoubtedly.

Mr. RUSSELL. What States?

Mr. YOUNG. New York and Wisconsin can grow wrapper tobacco; and if the Agricultural Department will do in those States what it has done in Connecticut they will find it out later on.

Mr. RUSSELL. And New York already has some seven times as much land in tobacco as Connecticut, you say?

Mr. YOUNG. New York?

Mr. RUSSELL. You stated, if I remember correctly, that there were about 70,000 acres of land in tobacco in New York.

Mr. YOUNG. Oh, no; 7,000.

Mr. RUSSELL. In New York?

Mr. YOUNG. Seven thousand in New York and 11,000 in Connecticut.

Mr. RUSSELL. Oh! I thought you said 70,000. As it is a larger State, I supposed there was that much more tobacco grown there.

The CHAIRMAN. If no other gentleman desires to ask any questions of Mr. Young, we will hear the next gentleman.

STATEMENT OF J. W. WERTHEIMER, ESQ., OF NEW YORK CITY.

Cigar manufacturer, and representing a number of cigar manufacturers' associations.

The CHAIRMAN. You are engaged in manufacturing cigars, are you?

Mr. WERTHEIMER. I am a cigar manufacturer; yes.

Mr. McCLELLAN. Where do you manufacture?

Mr. WERTHEIMER. We manufacture in New York City, Pennsylvania, New Jersey, and Delaware to-day. We have about 6,000 employees and pay the Government over a million dollars a year ourselves. That is about the best recommendation I can give of the importance of our industry.

This is the first time that I, personally, of the firm, have ever been before your honorable committee. I have come this time because of all questions affecting the cigar trade, of which there have been a great many, this is the most vitally important to the industry; and I

think if you gentlemen thoroughly understood the vital points which I claim are hidden to you, and which I am going to try to make clear to you, you would see the great menace to which our industry is being subjected.

We have had a very keen competitor in the Government in the last ten years in our business, but we have managed to win out; but we can not if this thing goes through.

The great danger in this question is (and we all understand it) this proposed horizontal reduction on a percentage basis, for the reason that the protection on cigars as against leaf tobacco from Cuba is at the ratio of about 12 or 12½ to 1. Therefore a horizontal percentage reduction applied equally to cigars and tobaccos would, as you can imagine, operate twelve and a half times harder on the cigar industry and would, therefore, practically wipe it out. To use a slang expression, the whole "nigger in the fence" is there. That is the great menace that threatens us.

We, the following-named cigar manufacturers' associations of the United States, to wit, the Cigar Manufacturers' Association of America, the Havana Cigar Manufacturers' Association of the United States, and the Cigar Manufacturers' Association of Western Pennsylvania, composed of the leading manufacturers of all grades of cigars, doing business in all sections of the United States, respectfully represent as follows—and I may say here that this is the first time, gentlemen, that we are a unit. At our meeting last night there were present manufacturers of stogies and cheroots from Pennsylvania, 5-cent cigar manufacturers, and clear Habana cigar manufacturers; and for the first time in our history, as I say, we were a unit, all feeling the menace that threatens us here. (For brief, see page 565.)

Ninety per cent of the cigar manufacturing business transacted in the island of Cuba is controlled by two corporations, the larger of which is an English syndicate, which makes fully 60 per cent of the cigars manufactured in Cuba; and there is an American corporation which produces the larger part of the remaining 30 per cent.

SEVERAL GENTLEMEN. You mean 40 per cent.

MR. WERTHEIMER. No; the remaining 30 per cent. There are about 10 per cent of independent factories.

MR. ROBERTSON. May I ask you there to give the name of that company, Mr. Wertheimer?

MR. WERTHEIMER. The Havana Commercial Company is a syndicate which recently purchased the factories that the English syndicate had left. The prospects are that these two corporations will consolidate under one gigantic trust in the near future.

The present duty on cigars imported from Cuba is \$4.50 per pound and 25 per cent ad valorem. Take an average cigar that is sold in the city of Habana for \$30 per thousand, which will weigh about 12 pounds, and it will cost to land in the ports of America, for the cigars, \$30; for duty, \$54; ad valorem duty, \$7.50; freight and express, about \$2, making the total cost \$93.50.

A cigar weighing 10 pounds, made in Habana, costing \$22, would cost to land in American ports \$22 for the cigar, \$45 for the duty, \$5.50 for the ad valorem, and \$2 for expenses, making a total of \$74.50, thus plainly evidencing that the American cigar industry at these rates is only enjoying that absolutely necessary protection which has enabled it to exist and keep its market for 10-cent cigars.

Mr. SWANSON. Will you please go over the items and show me how you estimate the comparative cost of making a 10-cent cigar in America and a 10-cent cigar in Cuba?

Mr. WERTHEIMER. I have not come to that yet; I have only given you the cost in Cuba of two cigars, one a cigar weighing 12 pounds to the hundred, and one weighing 10 pounds.

Mr. SWANSON. You have not yet told us how you estimate the cost of a 10-cent cigar manufactured in America.

Mr. WERTHEIMER. No; but I am giving you the situation in Cuba, and the cost. I am showing you that a 10-cent cigar can be landed from Cuba to-day, even with these seemingly high duties, for as low as 7½ and 9 cents, thus showing that it is necessary for us to have at least that abnormal protection (as some might consider it) which we have always had in order to have the industry maintain the proportions that it has reached in the United States, and to keep our market on 10-cent cigars, in the manufacture of which the best price for labor is paid.

There are cigars being manufactured in Habana at even a lower rate than \$22 per thousand, which but accentuates the difficulty of the American product, even under present protection, to successfully compete in the market for 10-cent cigars. The average duty collected by the Government on leaf tobacco imported into this country from Cuba averages 37½ cents per pound. The average duty collected by the Government on Cuban-made cigars weighing 10 or 12 pounds, respectively, including the ad valorem duty, is almost \$4.75 per pound. In other words, the duty on the manufactured product has been almost twelve and a half times that on the raw material, so that a horizontal reduction of duty would absolutely mean a positive, palpable discrimination in the way of a twelve and a half times greater reduction as against the cigar manufacturer. This is a vital point, gentlemen, which I wish you to bear in mind. To make a just, equal reduction for every 12½ per cent reduction on the raw material, a 1 per cent reduction only should be made on the manufactured product.

This protection, while seemingly large, has been none too great. Under it the industry of cigar making in this country became possible, and has flourished and increased, as shown by the official internal-revenue returns.

For the last five years the cigar trade of the United States has developed as follows:

1897.....	4, 063, 169, 009
1898.....	4, 505, 260, 517
1899.....	4, 529, 872, 304
1900.....	5, 316, 273, 561
1901.....	5, 770, 934, 369

Mr. NEWLANDS. Do these figures refer to money or cigars?

Mr. WERTHEIMER. Cigars. These figures show an increase of 51½ per cent in five years. To manufacture this enormous production there were employed, directly and indirectly, upward of a million people.

We wish to bring this point most strongly to your notice, and to state most positively and emphatically that any reduction of the duty on imported cigars would destroy and annihilate the manufacture of the better grades of cigars in the United States.

Mr. SWANSON. Under the present law you can import your raw material and manufacture the cigars here?

Mr. WERTHEIMER. Yes, sir.

Mr. SWANSON. And if we reduce the tax on cigars already manufactured, they would be manufactured in Cuba and sent here?

Mr. WERTHEIMER. You simply shift the base of operations, gentlemen.

Mr. SWANSON. You shift the base of the factory?

Mr. WERTHEIMER. You shift the base of operations from American factories, operated by Americans, to Cuban factories, operated by Cubans. That is the sum and substance of it. It would naturally place the manufacturer in the position of being compelled to discontinue manufacturing the better grades of cigars entirely, and thus an enormous number of workmen would be left without the means of support. Furthermore, as all cigar manufacturers produce more or less of the better grades of goods, they are enabled to gradually place their workmen in a position where they can earn better wages, for when a workman is sufficiently expert he is gradually promoted from making the cheaper grade of goods to making the better class of cigars, thereby increasing his daily wages. Therefore the reduction of the industry of manufacturing the finer grade cigars in this country would mean the taking away of the incentive of the workman to endeavor to improve his work and his condition; for if the cigar-manufacturing business of this country is confined to the production of the cheaper grades of cigars only, there would be no employment for skilled labor. This result is one which would surely and inevitably follow any change in the policy of the present necessary protection.

The cigar-manufacturing industry of this country has been built up entirely through protection. Before this country had a protective tariff on cigars it was flooded with an enormous quantity of cheap cigars from Germany and other European markets, and for this reason the cigar-manufacturing business was very limited. The fine cigar business particularly has improved and increased since the passage of the McKinley bill in 1890.

For example, the city of Tampa, formerly a mere sand bar, has now become a thriving city of over 30,000 inhabitants, with a weekly pay roll for labor in its cigar factories of over \$125,000; and its population and industries are constantly increasing. This is but a type of the increase of this industry in all parts of the country.

Under the present conditions the American cigar industry is of necessity confined to its own local market. We have only the United States to sell to. Cuba had and now has the market of the entire world.

Mr. GROSVENOR. Will you not state why we can not sell to the entire world?

Mr. WERTHEIMER. Firstly, we have most rigid revenue laws. We pay our workmen prices that they do not get in any other country of the world.

Mr. RUSSELL. Then, why does Cuba have the world for its cigar market when it pays equally as high or higher wages than we do?

Mr. WERTHEIMER. I will explain that to you, sir—because Cuba has the reputation of Habana cigars behind her. Let me ask you, Mr. Russell, as a layman, if we offered you a cigar with the double stamp

upon it, imported from Habana, and also one made in Austria or in New York City, for the same money, which would you buy?

Mr. RUSSELL. Then your answer, in brief, is this—that there is a taste for Cuban tobacco, the world over, in certain classes, which can not be supplied by the tobacco raised anywhere else?

Mr. WERTHEIMER. Yes, sir.

Mr. RUSSELL. That being so, the United States eliminated—there will always be a market for Cuban tobacco and Cuban cigars?

Mr. WERTHEIMER. They will always sell their tobacco and their cigars, because the world wants to smoke, and wants to smoke a good article, and will pay for it.

Mr. RUSSELL. It is not so much a question of tariff for the disposition of Cuban tobacco as it is a matter of taste which the United States and some other countries which produce tobacco have been laboring for years to uncultivate, and have not succeeded very well?

Mr. WERTHEIMER. Decidedly.

Mr. RUSSELL. So Cuban tobacco stands on its merits, and is not particularly dependent upon tariff rates?

Mr. WERTHEIMER. It is the greatest monopoly in that respect, in the question of taste, that exists.

Mr. SWANSON. Is it not true that if you take the same Cuban tobacco, the same wrapper, and make precisely the same cigar in New York, on the one hand, and, on the other, if they make the same cigar in Habana, the Habana cigar, being made in Habana, will sell for more in the market and have a better demand than that made in New York?

Mr. WERTHEIMER. That is true, so long as the Government gives a warranty that it is made in Habana by putting a stamp on it.

Mr. SWANSON. All brands of tobacco, whether chewing tobacco or tobacco for cigars, are sold a great deal by the brand or reputation?

Mr. WERTHEIMER. Exactly.

Mr. SWANSON. And that is a great capital in trade?

Mr. WERTHEIMER. Exactly. Take any layman who comes into a New York or Washington cigar store, and offer him a 10-cent cigar made in New York, designated by nothing but its brand, and against it one of the brand of Habana, with the double stamp on it, for 10 cents; and which will he buy? Which would any one of you gentlemen buy, as a layman? It is only natural.

Mr. GROSVENOR. As you have broken off from the regular thread of your remarks, I would like to ask you upon what you base your statement that a million people are engaged in the manufacture of cigars in the United States?

Mr. WERTHEIMER. I base my statement upon the total quantity of cigars made, and about how many a cigar maker can make.

Mr. GROSVENOR. If I am right about my recollection, that is about two or three times as many people as there are engaged in the whole of the railroad business.

Mr. WERTHEIMER. Well, when I said a "million people" I said directly and indirectly. There are so many industries attached to the cigar-making business that the total number of persons interested in it directly and indirectly is very large.

Mr. GROSVENOR. You refer to lumber, boxes, and so on, do you?

Mr. WERTHEIMER. I refer to the box-making business, the pasters, the strippers, the lithographers, and I include the tobacco-growing interests; because if we did not make cigars, we would have no use for tobacco.

Cuba has had and now has the market of the entire world. The Cuban cigar manufacturer is unhampered and unrestrained by revenue regulations restricting the manufacture to licensed factories. The workman in Cuba can make the cheaper grade of cigars at home, utilizing the entire family labor.

How could the American manufacturer and his workmen, having this limited market, compete with such labor and with a competitor having the whole world as a customer, if the only protection and safeguard enjoyed by the American manufacturer and the American workman is taken from them?

There is no trade or business that has been subject, in the past ten years, to such changes and interferences as the cigar business; and all have been cheerfully borne. In 1890 the duty on Sumatra tobacco was increased from 35 cents to \$2 per pound. This was reduced by the Wilson bill to \$1.50 per pound, and again increased by the Dingley bill to \$1.85 per pound. In addition to this, in 1898, at the time of the Spanish war, our internal-revenue tax was increased 60 cents per thousand. This burden was borne by the cigar manufacturers alone. Besides all this, the American cigar industry has been compelled to submit to the governmental discrimination of the import stamp, which has been used in competition as a warranty of supposed superiority.

There is no nation in the world that has aided a foreign product at the expense of its domestic production as this Government has aided Cuba. Further than this, we have aided the agricultural interests of Cuba by placing an import duty of \$5 per pound on all foreign tobacco entering Cuba, whereas, under Spanish rule, Porto Rican tobacco was admitted into Cuba free of duty.

Mr. McCLELLAN. They turned it into Habana tobacco, did they not?

Mr. WERTHEIMER. Why, certainly.

The United States is asked to extend a helping hand to Cuba. We recognize the humane impulses which actuate those who desire to extend aid to the island and its natives, but such a step as is now proposed, would, without really benefiting the Cubans, destroy the great American cigar industry, and result solely in the aggrandizement and benefit of the two corporations now operating in Cuba, and practically dominating her output of cigars.

The scheme of a horizontal percentage reduction was only cleverly conceived by these corporations to offer a plausible plan of what, on the surface, might appear to be a just and beneficent act on the part of the United States; and the question has never been directly applied to cigars. In the public discussions of the question they have always hidden it behind Cuban tobacco. But the scheme is transparent; and we challenge the real authors of this scheme to dispute the plain, truthful facts of the case. We assert that no real reduction is intended in respect to the raw material. The controlling corporations in Cuba want to capture the American cigar market. That is the truth, the whole truth, and nothing but the truth. The successful accomplishment of this scheme would mean the transfer of the manufacture of the better grades of cigars from the United States to Cuba, and the consequent destruction of that most important part of the American cigar industry.

Mr. McCLELLAN. What class of tobacco does the so-called "tobacco trust"—the American Tobacco Company, or whatever it is—manufacture?

Mr. WERTHEIMER. I am only posted in cigars.

Mr. McCLELLAN. Does it manufacture cigars?

Mr. WERTHEIMER. Oh, within the last year it has entered the cigar field, under the name of the American Cigar Company.

Mr. McCLELLAN. Do you know to what extent it manufactures cigars? Do you know what its output of cigars is? Are you interested in it?

Mr. WERTHEIMER. No, sir; I am not. I believe their output to-day is entirely derived from the factories they have purchased. They started with no output, but they have bought up plants.

Mr. McCLELLAN. The greatest part of their product consists of smoking tobacco, does it not?

Mr. WERTHEIMER. You refer to the American Tobacco Company?

Mr. McCLELLAN. Yes.

Mr. WERTHEIMER. The cigar field is being operated by the American Cigar Company, which, of course, represents the same interests.

Mr. McCLELLAN. Yes. Now, we heard a great deal of the "octopus" in the sugar hearing the other day. Why would not a reduction of the tariff on tobacco help this trust just as much as a reduction of the tariff on sugar would help the sugar trust?

Mr. WERTHEIMER. It will; and I will tell you why it will. The trust has tried to put upon the market a domestic 10-cent cigar, and has failed. Now, if these Habana factories are purchased—that is, if this horizontal reduction is made and it is possible to import a 10-cent cigar profitably—imagine the power which will be given to anyone owning the brands and trade-marks of these cigars which have always sold at 25 cents each and three for a half dollar. Imagine the power of the storekeeper if these brands were controlled by the trust.

Mr. McCLELLAN. You think, then, that this reduction would benefit chiefly the trust, and not the independent people?

Mr. WERTHEIMER. It is bound to either benefit the English trust or the American trust, because one owns it and the other may.

Mr. GROSVENOR. Let me ask you this question: Your complaint is, of course, that this reduction would cheapen the cigar. That is the real trouble, is it not?

Mr. WERTHEIMER. My complaint is that unless we had a duty of at least \$60 per thousand, or one at that ratio, as against the raw material and against the cigar we now have, it would make it not simply possible, but absolutely certain that the 10-cent imported cigar could be profitably introduced. In other words, these imported cigars for which the men who want to smoke them must now pay from 12½ to 16½ cents apiece could then be sold for 10 cents apiece.

Mr. GROSVENOR. What effect would it have on your industry to reduce the tariff on the raw material, and maintain or increase the present tariff on the manufactured product?

Mr. WERTHEIMER. Well, they are both evils; but of the two evils we would choose the least, of course. [Laughter.]

The CHAIRMAN. You have given us an estimate to the effect that the cost of making in Habana of the average cigar, weighing 12 pounds to the thousand, is \$30?

Mr. WERTHEIMER. Yes, sir.

The CHAIRMAN. Now give us an estimate of the cost of making an American cigar out of Habana tobacco, weighing 12 pounds to the thousand.

Mr. WERTHEIMER. Well, Mr. Payne, I do not make cigars of all-Habana tobacco. Our brands of cigars are what is called seed Habana.

The CHAIRMAN. So you are unable to give that information?

Mr. WERTHEIMER. I can get it. There are large manufacturers who are next to me who are familiar with that subject and use Habana tobacco for just such purposes. I can procure that information by asking them. You refer to a clear Habana cigar, do you not?

The CHAIRMAN. I would like to have a calculation of the items which go to make up the cost of the cigar weighing 10 pounds to the thousand, and the cigar weighing 12 pounds to the thousand.

Mr. WERTHEIMER. Yes, sir; you want the same calculation for each?

The CHAIRMAN. I want a calculation as to the cost of making cigars of those weights which will be the same class of cigars made from the same Cuban tobacco.

Mr. WERTHEIMER. You wish to know the cost of production?

The CHAIRMAN. Yes.

Mr. SWANSON. Do you mean that you want him to take a 10-cent cigar made in America, of Cuban tobacco, and a 10-cent cigar—

The CHAIRMAN. I want an estimate of the same grade of cigar of which you have spoken made in this country—a Habana cigar made here, in other words.

Mr. WERTHEIMER. Mr. Payne, what you want is the American cost of the cigar which costs \$93 per thousand in Cuba, and also the American cost of the cigar which costs \$74 per thousand in Cuba?

The CHAIRMAN. The same grade of cigars; yes. I want it in detail.

Mr. WERTHEIMER. In detail?

The CHAIRMAN. Yes. I want a statement giving the cost of tobacco, the duty, the cost of labor, and so on. If you are not prepared to give it now you can figure it out and submit it later on.

Mr. WERTHEIMER. Very well; we will figure it out and give it to you.

Mr. GROSVENOR. Why not do it right now? It seems to me that that would be better.

Mr. DIAZ. I will give it to you right away, Mr. Chairman, if you desire it. There is no such thing as 10-pound cigars being the same. There are 10-pound cigars that sell for \$100 a thousand, and there are 10-pound cigars that sell for \$20 a thousand. Habana tobacco is an article that the farmer raises, and then selects it by bales and sells it in vegas, as they call them. In other words, he sells the different lots at different prices. The manufacturer can not afford to pay for the filler the price that he pays for the whole lot; so the farmer has to classify it. There are certain bales that are worth from \$500 to a \$1,000; there are other bales that are only worth \$25. If they are going to be stripped, they will not all give filler; they will give a good deal of scrap. So that if you simply say "a 10-cent cigar made in Cuba"—

The CHAIRMAN. I have not said anything about a 10-cent cigar; I am trying to get the cost of these 12-pound cigars.

Mr. WERTHEIMER. But, Mr. Payne, it must be a 10-cent cigar, for I have given you an upset purchase price in Cuba of from \$20 to \$30.

The CHAIRMAN. You have gone by the weight; I propose to go by the weight.

Mr. WERTHEIMER. The same cigar would cost here from \$45 to \$50 for the 10-pound cigar, and from \$55 to \$60 for the 12-pound cigar.

The CHAIRMAN. That includes all the cost?

Mr. WERTHEIMER. All the cost.

The CHAIRMAN. The duty on the tobacco, and everything?

Mr. WERTHEIMER. Yes, sir.

Mr. RUSSELL. Against what in Cuba?

Mr. WERTHEIMER. Against \$74 and \$93.

Mr. DIAZ. No; against \$20 in Cuba.

The CHAIRMAN. Now, will this gentleman who has just spoken, who seems to be interested in the subject, figure out the items and hand them in to the committee later?

Mr. DIAZ. Yes; with a great deal of pleasure.

Mr. SWANSON. Mr. Chairman, may I ask this gentleman a question? The point about which I want to ask him is this: He has emphasized to the committee the fact that cigars are not sold by weight, but by quality, as I understand him. Are they not?

Mr. DIAZ. Yes, sir; cigars are sold by quality.

Mr. SWANSON. And if you make a comparison by weight you may make a comparison of a cheap cigar with a good cigar?

Mr. DIAZ. Yes, sir.

Mr. SWANSON. So that the cigar you contend for in this market, as between the domestic brand and the Cuban brand, is the 10-cent cigar?

Mr. DIAZ. The 10-cent cigar and the two-for-a-quarter cigar. If you will permit, I will make a very brief illustration. I have a cigar in my hand which we sell in this country for \$90 a thousand. This same cigar, if it goes into an imported box, put in by an unscrupulous dealer, can readily be sold for 20 cents; but if it is sold out of my box he can not get but 12½, because he has not the two stamps. If this same cigar is manufactured in Habana, the manufacturer will get \$105 a thousand for it, perhaps, because the American consumer is told that he is getting an imported cigar and that it is worth more money. We have to sell our goods to the dealer at a great deal less than the imported goods are sold to them for that reason.

The CHAIRMAN. Is that a Key West cigar?

Mr. DIAZ. That is a Tampa-made cigar. I will hand it to you to smoke if you desire. [Laughter.]

The CHAIRMAN. I want to say that I do not want to be selfish around here. [Laughter.]

Mr. SWANSON. I want to ask you one further question and that is whether the internal-revenue stamp for that district in Tampa is a great benefit to you in the trade?

Mr. DIAZ. The revenue stamp?

Mr. SWANSON. Yes, sir.

Mr. DIAZ. What do you mean? Is it any benefit to us?

Mr. SWANSON. The revenue stamp on the box shows what district it is made in, does it not?

Mr. DIAZ. Yes, sir.

The CHAIRMAN. It shows that it is made in Tampa?

Mr. DIAZ. Not in Tampa; it shows that it is made in Florida.

Mr. SWANSON. Is that a benefit to you in the trade?

Mr. DIAZ. Well, in a measure to-day, through the efforts of the manufacturers in that locality, they have succeeded in creating a quite universal demand for Tampa-made goods in 10-cent cigars.

Mr. SWANSON. So that is of benefit to you?

The CHAIRMAN. Yes.

Mr. SWANSON. Not to the same degree that the Cuban stamp is; but still it is a benefit?

Mr. DIAZ. It is nothing to compare with the benefit derived by the Habana cigar from the import stamp.

Mr. SWANSON. But it is a benefit?

Mr. DIAZ. If your honor will permit me, the revenue stamp does not signify where it comes from.

Mr. SWANSON. It shows that it is made in Florida?

Mr. DIAZ. Yes; but the consumer never looks at this box. He looks at the imported stamp, but he never looks at this stamp, because the Pennsylvania cigars have exactly the same stamp.

Mr. NEWLANDS. What do you mean by an imported stamp?

Mr. DIAZ. An imported stamp is a piece of paper that the Government of the United States attaches to any cigar coming from a foreign port. This stamp must be placed on it.

Mr. WERTHEIMER. It is an extra stamp, in addition to others.

Mr. DIAZ. Yes; in addition to the revenue stamp, to demonstrate that it is made in a foreign country. As you understand, it naturally conveys the impression that it is better.

Mr. NEWLANDS. It conveys the idea that it has paid a customs duty, does it not?

Mr. DIAZ. That it has paid a customs duty; yes.

Mr. NEWLANDS. Then would it not be a great deal better to rid you of the competition of which you speak by repealing the duty altogether?

Mr. DIAZ. No, sir! [Laughter.] If your honor wishes my individual views, I will be very glad to give them to you.

Mr. SWANSON. It is in cigars precisely as it is in any other business; it is just as it is with Sheffield steel and Venetian glass and Henry tobacco. Plug tobacco that is manufactured in Henry County will always bring more money than a tobacco manufactured in Pennsylvania.

The CHAIRMAN. Mr. Russell wants to ask Mr. Wertheim a question. We have not your name, sir.

Mr. DIAZ. My name is Diaz.

Mr. RUSSELL. What proportion, if you please, of the whole amount of tobacco you use in your manufacturing is imported tobacco?

Mr. WERTHEIMER. Of all our product of cigars?

Mr. RUSSELL. No; what proportion of your raw material used in the manufacture of cigars is imported tobacco?

Mr. WERTHEIMER. We use the imported tobacco only in the 10-cent cigars. There is a large proportion of 5-cent goods in which no imported wrappers are used. Imported material on our product would represent —.

Mr. RUSSELL. I do not care for details. Can you not answer my question?

Mr. WERTHEIMER. Well, I want to try to think of that, and find out how much it is. I should judge about 40 per cent; from one-third to 40 per cent.

Mr. RUSSELL. And your proposition is that any reduction on the present duties on cigars and leaf tobacco from Cuba should be in the proportion of one on cigars to twelve and a half on leaf?

Mr. WERTHEIMER. Yes, sir. That is what we have now, Mr. Russell. One per cent on cigars to twelve and a half per cent on leaf tobacco is the proportion you are collecting now.

Mr. RUSSELL. And the reduction should follow the same proportion?

Mr. WERTHEIMER. You are collecting \$4.75 per pound on the manufactured product on an average, and an average of 37 cents per pound on raw material to-day.

The CHAIRMAN. So if you cut the 37-cent duty in two it would only be a reduction of about 4 per cent in the duty on cigars. Is that what you mean to say?

Mr. WERTHEIMER. I mean to say that you can not apply a horizontal percentage to an article where the ratio is 1 to 12½.

The CHAIRMAN. What I was asking you was not exactly a horizontal proposition.

Mr. RUSSELL. It is just this: If we make a reduction of 1 per cent in the existing duty on cigars, you say that in order to maintain the parity we ought to make a reduction of 12½ per cent on the leaf tobacco?

Mr. WERTHEIMER. To maintain present conditions, sir, as we have had them, under which the industry has flourished.

The CHAIRMAN. That is all, Mr. Wertheimer.

STATEMENT OF MR. GEORGE STORM,

President of the National Association of Tobacco Growers.

The CHAIRMAN. You are a tobacco grower yourself, are you, Mr. Storm?

Mr. STORM. Yes; I am a tobacco grower, and have been a cigar manufacturer; and I would like to remain a tobacco grower, if you will permit me.

The CHAIRMAN. Where do you grow tobacco?

Mr. STORM. I grow tobacco in Florida.

The CHAIRMAN. Proceed, please.

Mr. STORM. I have a brief here which, to relieve you, I will say at once that I do not propose to read.

The CHAIRMAN. Kindly hand it to the reporter, and it will be printed with your remarks. (See Appendix, page 551.)

Mr. STORM. The facts have been developed so thoroughly that it is not necessary to read it at this time.

Representing, as I do, the tobacco growers of the United States, I want, in approaching this question of reciprocity, to forget the sentimental side, and also the "public opinion" as it has been manufactured in the United States. As an example of this "public opinion," I read in last Sunday's Herald that a Mr. Gonzalez somebody, representing the tobacco industry of Cuba, had had an interview with the President, in which he claimed that something should be done immediately, on the ground that if it was not, there would be all kinds of trouble ensuing; and saying, besides, as another argument, that the tobacco imported into the United States was only 5 per cent of the whole production of the island of Cuba.

This gentleman undoubtedly miscalculated the intelligence of our President. The percentage would probably be nearer to 50 than 5.

These are the arguments with which these people have sought to charge the public mind and create sympathy.

Mr. RICHARDSON. You mean to say, do you, that the Cuban tobacco imported into the United States is 50 per cent of the entire product?

Mr. STORM. I will get at that later, if you will allow me; but I say that it is a good deal nearer to 50 than it is to 5. To say that it is 5 per cent of the product of the island of Cuba is simply ridiculous, as has been shown by Mr. Young here. The importation of tobacco was last year between 18,000,000 and 19,000,000 pounds. The product of the island of Cuba was probably, all told, 50,000,000 pounds, not all of which is adapted for cigars; and therefore you can see at once how near to 5 per cent our importations are.

We all hear much of the markets that have been destroyed for the good people of Cuba. So far as tobacco is concerned, I defy anyone to name a single place in the world where tobacco grown in the island of Cuba does not enjoy precisely the same privileges that it enjoyed prior to the rebellion. Some of these very intelligent gentlemen claim that they are shut out from Spain. That is not true. The manufacture of cigars and tobacco in all their various forms constitute in Spain a Government monopoly. The Spanish Government buys its tobacco and manufactures its cigars and cigarettes, etc., and sells the product of it to its people, just the same as France does. Therefore they buy the tobacco just the same as they did prior to the rebellion, with the exception that prior to the rebellion, or immediately after its inception, there were taken into the island of Cuba annually some 50,000 bales of Porto Rican tobacco. This Porto Rican tobacco, in connection with the poorer portions of the Cuban tobacco—and there is plenty of poor Cuban tobacco—was generally sold to Spain. The Spanish Government got tired of having this stuff. It was not very good, and there was an edict issued prohibiting the importation of Porto Rican tobacco in the island of Cuba. Therefore the nonimportation of the island of Cuba was not brought about by the present position that Cuba occupies in the United States, but by an act of the Spanish Government itself at that time. Therefore, to the tune of those 50,000 bales, their opportunity to sell to Spain was greater than it was prior to it.

Let me come back for a moment—you got me a little off the track—to the question of how urgent is the case with Cuba so far as tobacco is concerned.

We have imported into the United States of the product of 1900, so to speak, between 18,000,000 and 19,000,000 pounds of tobacco, out of a total production of somewhere in the neighborhood of 50,000,000 pounds, of which not all was fit for cigar purposes. There are held in the island of Cuba to-day probably 30,000 bales awaiting shipment to this country until such a time as you are good enough to lower the tariff to suit the convenience of these people. There is comparatively no tobacco in the hands of the farmer of Cuba to-day except what he has grown, therefore the farmer will not starve.

Mr. GROSVENOR. Who does own that tobacco?

Mr. STORM. Some of the people who own it are speculators, and people who propose to take advantage of the present agitation and ship it to this country after you have reduced the duty.

Mr. GROSVENOR. Is much of it owned in this country?

Mr. STORM. I think so.

Mr. METCALF. What does a bale weigh? You gave the number of bales held in Cuba at the present time.

Mr. STORM. Yes, sir.

Mr. METCALF. What is the weight of a bale?

Mr. STORM. There are from 110 to 115 pounds to a bale. Now, the gentlemen holding this tobacco are not liable to starve. As a product of the island of Cuba they have received more money for the crop of 1890 than probably for any crop in the past ten years.

The CHAIRMAN. Do you mean 1890?

Mr. STORM. The crop that we have imported, the 1900 crop.

The CHAIRMAN. You said 1890.

Mr. STORM. I mean the 1900 crop, which was imported in 1901.

Therefore the result to the planter would not have been disastrous. In spite of the fact that there was very much wanting indeed in the excellency of the tobacco, nevertheless the price paid was far above the normal.

What these people want is to virtually monopolize the cigar-tobacco market in the United States. Of all this tobacco imported, between 18,000,000 and 19,000,000 pounds, there was the enormous quantity of one-half of 1 per cent that paid the wrapper duty; and therefore whatever the duty on wrappers may be, it has not been collected from Cuban tobacco.

Mr. GROSVENOR. What per cent of it do you think was really wrapper tobacco?

Mr. STORM. I will answer you in this way: To-day the cigar makers in Tampa, the cigar makers on the coral reef of Key West, the cigar makers in the whole United States, the leaf dealers and the leaf growers, are united as to this question, and I do not propose to throw a firebrand into this thing at this particular time.

Mr. GROSVENOR. I know; but we are having a conversation about this thing, and we want to get at the facts.

Mr. STORM. I am giving them to you in my own way, and you can figure it out. I do not wish to be impertinent.

Mr. GROSVENOR. We are after facts.

Mr. STORM. I am going to give you the facts in my own way.

The CHAIRMAN. The facts are what we want to know.

Mr. STORM. I will give you the facts. There never were made in the island of Cuba more than 300,000,000 of Habana cigars in any one year. There are being made in the United States to-day (and this is a pretty good guess) anywhere from four to five or six hundred million of what are known as clear Habana cigars. I have no quarrel with the manufacturers of these Habana cigars if they have found a way in which they can cover this quantity of cigars with 94,000 pounds of tobacco. That is their business. [Laughter.]

The CHAIRMAN. How much does it take to cover them?

Mr. STORM. I should say, Mr. Payne, that it took about 5 pounds of Habana wrappers to cover a thousand cigars. Now, of course, the wrappers that these gentlemen use are largely those that they cull out of what are known as fillers. They pick them out and labor over them; and therefore it is fair to assume that it takes an average of 5 pounds to a thousand. There are wrappers in Cuba 3 or 4 pounds of which would probably cover a thousand cigars; but I think the Habana cigar manufacturers in this country use perhaps about 5 pounds of wrapper to cover a thousand cigars.

Mr. RUSSELL. Mr. Storm, if there is that erroneous classification of Cuban tobacco in tariff rates here, what is your remedy for it?

Mr. STORM. I do not know any.

Mr. RUSSELL. Would it be a uniform duty, increasing the 35 cents considerably? How would you people like that?

Mr. STORM. Mr. Russell, you and I, when our good friend Mr. Dingley was alive, went over that question and tried to find a solution for it and failed. The moment we get to a uniform duty we strike so many diversified interests that I would despair of reconciling the views on that head.

Mr. RUSSELL. We came to the conclusion at that time that the best thing that could be done was to make this division between wrapper tobacco and other forms of tobacco and to make it considerable, did we not?

Mr. STORM. Yes.

Mr. RUSSELL. And you, in the years that have transpired since, have not discovered any better way of treating the difficulty?

Mr. STORM. I have not, excepting this, Mr. Russell, that the law as it stands, in spite of the decision of the courts, or aught else that may have occurred, has been a delusion and a snare to the tobacco grower. I say again that I have no quarrel, and do not propose to have any, with the gentlemen who have used this tobacco and found a way to get it in.

The **CHAIRMAN.** Mr. Storm, was not the principal reason of the great difference between the wrapper and filler the importation of Sumatra tobacco and not Cuban tobacco?

Mr. STORM. I beg your pardon?

The **CHAIRMAN.** Was not the controlling reason that there is such a difference between wrapper and filler the fact that so much Sumatra leaf is imported?

Mr. STORM. That is undoubtedly true, Mr. Payne. The effort at that time was to shut out Sumatra tobacco, so far as possible, or to enhance its price.

The **CHAIRMAN.** And if we had had nothing but the Cuban tobacco to deal with, could we not have made a uniform rate without going into classifications of leaf tobacco?

Mr. STORM. If we had had nothing but the Cuban tobacco it would have been far preferable.

The **CHAIRMAN.** If the Sumatra leaf could have been eliminated, if we had named a duty upon Sumatra tobacco specifically, then there would have been no difficulty about a uniform rate on Cuban tobacco, would there?

Mr. STORM. None at all; and it would have been the only rate that would have been susceptible of being equitably collected.

The **CHAIRMAN.** In case a decision should be made to make some concession on Cuban tobacco, of course that would take it out of the general classification of tobacco coming into the United States and make an exception which would separate it from the Sumatra leaf?

Mr. STORM. It might.

The **CHAIRMAN.** Would you see any difficulty, then, in a uniform duty on leaf tobacco coming from Cuba?

Mr. STORM. Unsurmountable difficulties.

The **CHAIRMAN.** What is the difficulty?

Mr. STORM. If you will permit me for one moment, I heard some of the questions which were put to these other gentlemen, and I take it I understand about the drift of your ideas.

The CHAIRMAN. No; I want this question answered.

Mr. STORM. I am going to give you my views. I will give you an answer. Say, for example, that you made a flat duty of 35 cents a pound.

The CHAIRMAN. Well, I do not refer to any particular amount.

Mr. STORM. No; that is immaterial. Say 40 cents a pound, or 50 cents; I do not care what it is. In the first place, if you made it greater than 35 cents you would have the entire cigar industry of the United States to oppose you. If you made it 35 cents—and there I am getting again into dangerous ground—you would increase the difficulty that some of the growers of the United States now experience in being permitted to furnish wrapper for certain cigars. I have pointed out to you that the manufacturers of clear Habana cigars have found a way in which to cover from 400,000,000 to 600,000,000 cigars with 94,000 pounds of tobacco. I would give much to know just exactly how it is done.

The demand for the Habana cigar (and I will ask the manufacturers to correct me if I am wrong) is constantly increasing in the United States; and I think with such a duty as you name it would continue to increase, to the detriment of what is now known as seed Habana.

The CHAIRMAN. But, Mr. Storm, if the average duty paid now is 37½ cents, and we should put a uniform duty of say 40 cents a pound on Cuban tobacco—a greater duty, at all events—why would it increase the consumption of Habana tobacco here?

Mr. STORM. Well, let me put it to you in this way. Let me make it as I have worked it out in my mind, which answers the same purpose. The Sumatra tobacco, which is the wrapper of the cigar that is smoked by the masses, pays a duty of \$1.85. It probably takes, year in and year out, 2 pounds to cover a thousand cigars. That, I think, is \$3.70 that the United States Government gets as the wrapper duty on that thousand cigars. If it takes 5 pounds of Habana tobacco to cover a thousand cigars, and they pay 35 cents a pound—and that is what they pay to-day—then the duty on the higher-priced cigar, so far as the labor is concerned, is \$1.75, I think. Am I not correct in that?

A GENTLEMAN. Yes.

Mr. STORM. Now, then, on the cheaper article, that is smoked by the masses, you do not propose to change the duty on Sumatra tobacco. That is not the question, however, we are dealing now with Habana tobacco. The duty to-day on the wrapper of the Habana cigar and the high-priced cigar—which is making giant strides in our industry, and would have advanced still more if the tobacco had only existed—is \$1.75 per thousand, as it reaches the Government. The duty on the Sumatra-covered cigar is \$3.70.

The CHAIRMAN. Then you think that a uniform duty would result in the introduction into the United States of a larger quantity of Habana cigars?

Mr. STORM. That would be the natural result.

The CHAIRMAN. That is your idea?

Mr. STORM. That would be the natural result. There is no question about that.

The CHAIRMAN. And that is where the trouble would come in?

Mr. STORM. There is no question about that.

The CHAIRMAN. Are you engaged in raising tobacco under cover, under tents?

Mr. STORM. I will break in there just one moment. Now, the War Department, for the first time so far as I know, has undertaken to regulate our industrial commercial affairs. The War Department imposed a duty of \$5 per pound on all tobacco in the island of Cuba. No change, so far as the tobacco industry of this country is concerned, will be satisfactory to it unless the duty on tobacco entering the island of Cuba is precisely the same as the duty on tobacco that enters the United States from the island of Cuba. We do not propose to have our product shut out.

Then, the Habana cigar industry in the United States has flourished in spite of the presence of the American tobacco; and the Cuban manufacturer would continue to flourish, probably, in spite of the American tobacco, if he chose to buy it. We do not propose to make a law compelling him to buy it, but we propose, this being the largest tobacco-growing country in the world, that we will not be shut out. Of course that is what we hope for.

Assuming that to happen—and right here I am going to answer your question—nothing would suit me better, so far as I am individually concerned, than to have a duty of 35 cents, and to let our tobacco go into Cuba if they want it. If they do not want it they will not buy it.

What would the result be? You would find the importation of your Sumatra tobacco steadily diminishing. You would find that Sumatra tobacco and kindred tobacco would find its way into Cuba. They could afford, if necessary, to pay 35 cents for entry into Cuba, and pay another 35 cents on entering New York or the United States.

The CHAIRMAN. Suppose the duty was on the products of Cuba. Tobacco is a product of Cuba. Then they could not get the Sumatra tobacco through in that way. Suppose the concession was only made on the products of the island of Cuba.

Mr. STORM. But there is no man here in this room who is sufficiently expert in tobacco to positively tell me that here is a bale of tobacco coming from the island of Cuba that was raised in the island of Cuba, but was raised in Mexico, or in some other part of the world.

The CHAIRMAN. You are getting off the Sumatra proposition now.

Mr. STORM. No; or that it was raised in Sumatra. There is no man in this room who can say that.

The CHAIRMAN. You say you can not distinguish between Cuban tobacco and Sumatra tobacco?

Mr. STORM. The fine Cuban wrapper raised in the Partido district (and I want to be corrected if I am wrong) resembles, in its texture, Sumatra tobacco, and I think was originally raised from Sumatra tobacco. It is also raised partly under shade; and it resembles Sumatra tobacco so closely that the one can be and probably is being worked off for the other where there is an opportunity.

The CHAIRMAN. That is very different from the testimony that has been given before this committee. Gentlemen have said that Sumatra tobacco is so bitter to the taste that it can be detected immediately.

Mr. STORM. Well, even the Partido tobacco has that bitterness. Now, I am willing to stand on my knowledge of tobacco as to the cor-

rectness of that statement. When we get into the question of this shade tobacco—

Mr. RUSSELL. Mr. Storm, before you go into that subject, let me ask you this question: Is it not pretty difficult for an expert in tobacco to distinguish between a bale of Sumatra tobacco and a bale of tent-grown Connecticut tobacco?

Mr. STORM. Yes.

The CHAIRMAN. They are packed entirely different.

Mr. RUSSELL. Well, they are packed differently, of course; but I am asking if it is not very difficult to distinguish them without any external marks to identify them?

Mr. STORM. Well, I will put it this way, Mr. Russell—

Mr. RUSSELL. Take a hand of average Sumatra tobacco and a hand of tent-grown Connecticut wrapper, and is it not rather difficult for you to distinguish between them and say which is which?

Mr. STORM. It is very difficult; yes, sir.

The CHAIRMAN. Are they raising tobacco in Connecticut from the Sumatra seed?

Mr. STORM. Yes, sir.

The CHAIRMAN. That is the worst thing I ever heard about Connecticut. [Laughter.]

Mr. STORM. Now, they are raising this tobacco in Cuba; and the impossibility of distinguishing the one from the other will simply become greater as they succeed—and they will succeed—in making its cultivation successful.

The CHAIRMAN. In other words, our present duty has established an infant industry in raising Sumatra tobacco over here. [Laughter.]

Mr. STORM. Now then, under the belief that the protection under which this Government has grown great and prosperous in all its industries applied also to tobacco, a number of people invested millions of dollars and years of anxious toil in Florida and Georgia in producing a tobacco that would in some measure fill the requirements of the trade here. In other words, they went there in a wilderness and restored an industry in the South whose loss had been the result of our own unpleasantness. The Southern people did not come at that time and beg us to furnish them with nurses. They worked out their own salvation, and we helped them.

They have worked down there for years and years, and at last they have discovered (if it may be so designated) a new method of raising tobacco which promises to yield them some measure of return for their enormous outlay and great labor. By the aid of the Agricultural Department, this method is being spread through the length and breadth of this land, and also in Cuba, and it is going into Porto Rico.

Gentlemen, Mr. Russell asked whether this tobacco is not being raised in Ohio or Pennsylvania. It will be raised in all the tobacco-growing States. A gentleman told me last night that there were 800 acres contemplated in the State of Connecticut. It means a revolution in the tobacco industry, to the credit and benefit of the American grower.

At the inception of this thing the United States comes along, and, in its kindness for these poor Cubans, proposes to throttle this industry at once. So far as I represent the tobacco industry, we protest against that course. We want to be let alone.

The CHAIRMAN. Do you mean to say that any reduction in duty would destroy this infant industry of growing tobacco under tents?

Mr. STORM. It certainly would.

The CHAIRMAN. Any reduction?

Mr. RUSSELL. Now, Mr. Storm, the other day there was before this committee quite a delegation of gentlemen favoring reciprocity measures between the United States and Cuba. They did not appear to be very much concerned on the tobacco question. They spoke in favor of a reduction of 50 per cent, or thereabouts, in the duty on everything except sugar, which they wanted free. The first and principal speaker was Mr. Atkins, a cane grower of Boston.

Mr. STORM. Yes.

Mr. RUSSELL. And he incidentally remarked that the tobacco crop of Cuba must be kept up. When he was asked why that was he said: "Because there is a demand for Habana cigars throughout the world which can not be supplied by any other country than Cuba," referring, I suppose, to Habana tobacco.

Mr. STORM. Yes.

Mr. RUSSELL. What do you say about that?

Mr. STORM. I say that is correct.

Mr. RUSSELL. Then it is not a matter of consequence for the present prosperity of Habana tobacco that there be any change in tariff between this country and Cuba?

Mr. STORM. I can not so understand it; and I would like to be enlightened, if any there is.

Mr. RUSSELL. Then, if we are under any moral obligation to assist Cuba and to save her from ruin and destruction, this moral obligation does not extend to the tobacco industry, which, according to the general opinion, seems to be well established and likely to maintain itself.

Mr. STORM. I should say not; I should say not. I pointed out to you that the tobacco industry has not suffered and is not suffering; and whatever there may be of poverty that requires immediate relief is not because of tobacco.

As I said a moment ago, this is the lesser evil, gentlemen; and unless you accept it, the inevitable result will be that we will annex the island of Cuba. When that comes we will try to meet it in a manly fashion as best we may; but for the present the tobacco growers object to being sacrificed for a sentiment, or for the purpose of enriching the planters or dealers in tobacco in the island of Cuba. That position, I think, is tenable.

Mr. RUSSELL. You would like to postpone annexation until we have some opportunity to experiment with colonization down there, perhaps?

Mr. STORM. Well, when the calamity of annexation comes, we will bow to the inevitable. [Laughter.]

Now, so far as cigars are concerned, there is one point I want to make here. I had occasion to see, a few weeks since, the great and only Bock, and there is but one. [Laughter.] He is the head of the English syndicate in Habana. From the conversation we had, I take it that what they look for is the capture, as Mr. Wertheim very truly said, of the 10-cent market for cigars in the United States; and that is possible. Mr. Chairman and gentlemen, when we stop to consider the duty on cigars and the price at which they can be made in the United States, we begot ourselves, very largely. In the first place, we must take the industry that has been built up at Tampa and Key

West and other points of the United States in the manufacture of clear Habana cigars. If the duty on Habana cigars had not existed to the extent that it has, that industry would not exist; and if you lower the duty, you certainly will destroy that industry, and it will also affect the general industry.

I have nothing to do with the matter of human taste or the workings of the human mind; but we all understand that many of us value the things we get by the difficulty with which they are procurable. The important stamp on a cigar seems to be something that carries sufficient weight to have people take it whether it be good or bad.

Mr. STEELE. Is it any more potent in that way than it is in the way of putting a 10-cent price on a 5-cent cigar? [Laughter.]

Mr. STORM. I do not know that that is done.

Mr. RUSSELL. That is done largely in Indiana.

Mr. STORM. I am not responsible for Indiana. They do not grow any tobacco there.

Mr. McCLELLAN. It is a good thing for you that you are not.

Mr. STEELE. Indiana stands on her own bottom.

The CHAIRMAN. We have only two or three minutes before the House convenes.

Mr. STORM. Very well; I am at your service.

The CHAIRMAN. Has any gentleman any more questions to ask Mr. Storm?

Mr. McCALL. I would like to ask whether if the duty on tobacco and cigars from Cuba were lower it would increase the production of tobacco in Cuba, in your opinion?

Mr. STORM. I think it would.

Mr. McCALL. Is there much uncultivated land there available for tobacco?

Mr. STORM. I think it is almost limitless. I think if you were to permit the tobacco of Cuba to enter the United States, the good farmers up in Connecticut might return to the raising of onion seeds, and some of the others to broom corn; but they certainly need not raise any tobacco.

Mr. McCLELLAN. You think tobacco would be the chief product of Cuba, rather than sugar? The gentlemen we heard the other day were under the impression that everything would be used for sugar.

Mr. STORM. It would be with that stimulus, if it came in here at a lower duty.

Mr. RUSSELL. Why do you restrict that statement to Connecticut? Would the growers of tobacco in Ohio and Pennsylvania and the other States still continue?

Mr. STORM. I think they would have to go into the raising of something else than tobacco.

Mr. RUSSELL. Then the statement is not localized?

Mr. STORM. Not at all; it refers to the tobacco growers of the United States.

Mr. RICHARDSON. And in that condition, would the consumers of this tobacco get it cheaper?

Mr. STORM. The consumers of tobacco? Why, they would never know it.

Mr. RICHARDSON. The difficulty, as I understand you, with the Connecticut producer, would be that such a course as is suggested would put the price down so that he could not compete with the an grower?

Mr. STORM. Exactly.

Mr. RICHARDSON. Would not that benefit the consumer of that tobacco in the United States?

Mr. STORM. I do not think so.

Mr. RICHARDSON. If the price was reduced, would it not benefit him?

Mr. STORM. Let me put it in this way: I have been a cigar manufacturer for a great many years. The cigar-smoking public get a better 5-cent cigar to-day than they have at any time in the history of the production of cigars. They get a better cigar for the money than ever before.

Mr. RICHARDSON. It would either reduce the price or it would not. If it would not reduce the price, it would not hurt the Connecticut grower, would it?

Mr. STORM. It would transfer the use of tobacco from Connecticut to the island of Cuba; that is all. The Connecticut farmer could not raise it.

Mr. RICHARDSON. At the same price?

Mr. STORM. The Connecticut farmer could not raise it at the same price.

Mr. METCALF. Can you tell me where this wrapper was raised [handing sample of leaf tobacco to witness]?

Mr. STORM. No; it may be Connecticut tent-grown tobacco.

Mr. METCALF. You can not tell?

Mr. STORM. I can not tell in that state of the leaf; no, sir. I think, however, it is Connecticut tent-grown tobacco.

Mr. METCALF. It is Sumatra tobacco, I understand.

Mr. STORM. Exactly; but it grows under a tent in Connecticut.

(The committee thereupon took a recess until 2 o'clock p. m.)

AFTERNOON SESSION.

At 2 o'clock the committee resumed its session.

STATEMENT OF MR. A. C. STERNBERG, OF HARTFORD, CONN.,

Tobacco grower, also representing the New England Tobacco Growers' Association.

The CHAIRMAN. What is your occupation, Mr. Sternberg?

Mr. STERNBERG. I am a farmer.

Mr. President and gentlemen of the committee: It will not be necessary for me to take up much of your valuable time. A good deal of what I intended to submit has been said by gentlemen who have preceded me. I merely beg to state that I am here as one of the delegation representing the New England Tobacco Growers' Association. This association at their annual meeting a week ago unanimously passed a resolution that there should be no reduction in the tobacco schedule in the Dingley bill.

We passed this resolution unanimously from the fact that we well remember the prostration of our industry when the Wilson bill was enacted in 1893, reducing the tariff from \$2 a pound to \$1.50. I mention this fact, Mr. Chairman, for the reason that I have with me peti-

tions signed by over 3,000 of the principal tobacco growers in the New England States, representing between 7,000 and 8,000 acres of tobacco.

We were doing well, we were prospering, when the Dingley bill was passed. In fact, the Dingley bill covers and protects all the different interests of tobacco growers and dealers and cigar makers. We acknowledge that a master mind was connected with the drafting of that bill; and we are happy to see master minds before us here to-day.

When the question arose of reducing the duty on Habana wrappers, we at once concluded that the gentlemen proposing the reduction could not be fully conversant with the new conditions of things. It has been stated here this morning (and I beg to be pardoned for repeating it) that the Government has spent quite a considerable sum of money in Connecticut last year and this year in showing the farmer how he can improve the condition and the quality of the tobacco. In 1900 we began with one-third of an acre. We met with such marvelous success that last year we raised 40 acres; and from present reports we are satisfied that in the near proximity 1,000 acres of shade-grown tobacco will be raised this year in the Connecticut Valley.

This tobacco, gentlemen, raised under cloth, consists largely of fine wrappers. I have samples with me for you to examine.

Now, then, here is a point which I wish to make and emphasize: These same conditions prevail to-day on the island of Cuba. A friend of mine, recently returned, told me within three days that 40 acres of fine tobacco raised under cloth are being harvested there to-day, and to my question as to the percentage of wrappers he said: "They are all wrappers."

We also know that syndicates have been formed which control thousands of acres of some of the best tobacco lands on the island of Cuba. If they increase their acreage at the same ratio that New England has increased her acreage—and there is no reason why they should not—in a few years we will be swamped with the leaf of Cuba, which, aside from its fineness, has the reputation of being perhaps of better flavor. Gentlemen, we know we can not stand those conditions. We ask you to take those facts under due consideration. The tobacco growers of New England are heartily in touch with the Administration. They bore their burdens cheerfully to do any good that was possible for the island of Cuba. They are ready to-day to pay any reasonable taxes, if it becomes necessary, to build schoolhouses or to build roads or to assist the workmen of Cuba. But we are not willing, sir, that an industry of Connecticut and Massachusetts and the whole of the New England States shall be ruined by any change in the tariff on wrappers.

Mr. SWANSON. You are not especially interested in fillers, then?

Mr. STERNBERG. Why, no; we do not raise fillers. The New England States largely grow wrappers. We can not make money in growing fillers. And while I am defending the interests of the tobacco growers, it is but natural to suppose that every farmer, whether he be a fruit grower or a dairyman or a truck grower, is equally interested in the success and the prosperity of the tobacco grower. I remember that in 1893, when many men went out of tobacco, they went into the raising of small fruits, and they spoiled that industry. So, gentlemen, you have this problem before you: Are you willing, by hurting the tobacco interests, to injure the interests of every farmer in the New England States? And I may go further and point you to the

fact that our merchants are largely dependent on the prosperity of our farmers.

Gentlemen, many things have been said on this subject, and many more will be said. I have been myself a chairman and a member of committees, and I do not propose to tire you with any more remarks.

Mr. RUSSELL. You are a manufacturer as well as a grower of tobacco, are you, Mr. Sternberg?

Mr. STERNBERG. No, sir; I am not even a grower to-day, but I am a farmer, raising small fruits, and know that my interests are closely connected with the interests of the tobacco grower.

Mr. RUSSELL. The cigar manufacturer and the tobacco grower are united in this movement, are they not?

Mr. STERNBERG. To be sure, sir. We depend upon the manufacturer to buy our product.

Mr. SWANSON. Are you acquainted with the conditions of raising tobacco in Cuba?

Mr. STERNBERG. I am not, except that as I stated I met a gentleman day before yesterday who is just back from the island of Cuba. He witnessed the harvesting of a 40-acre crop of tobacco grown under cloth. He assures me that they are all wrappers. As I said, the island is full of the most fertile land, even better adapted to the growth of tobacco than the land of New England. All the elements are in their favor. If you allow that tobacco to come in at a reduced duty, it will swamp the interests of every tobacco-growing State, every cigar-leaf-growing State, in the Union.

The CHAIRMAN. I think that is all, Mr. Sternberg.

Mr. STERNBERG. Thank you.

STATEMENT OF MR. JOSEPH F. CULLMAN,

Representing the Leaf Tobacco Board of Trade of the City of New York.

Mr. CULLMAN. Mr. Chairman, representing the Leaf Tobacco Board of Trade of the City of New York, which is made up of dealers in and growers of domestic, and importers of foreign, leaf tobacco, we beg respectfully to give reasons and facts for opposing the proposed changes in the existing tariff rates on tobacco and cigars from Cuba. These facts are presented with the object of avoiding the passage of a law that would cause untold loss to a large mass of citizens employed in the various branches of our industry.

1. Because it would disorganize and do great injury to our business, and result very harmfully to the growers of domestic cigar-leaf tobacco.

In support of this objection we wish to state that the value of our domestic tobacco is to a great extent based on our protective tariff, and the proposed changes would certainly affect the value of the tobaccos grown in Ohio, Pennsylvania, Wisconsin, Connecticut, Massachusetts, New York State, Florida, and Georgia, where large communities of citizens are engaged in raising tobacco for cigar purposes, and where generally the only crop recognized as a money producer is tobacco. These growers will undoubtedly present their objections before your honorable committee. In these States tobacco crops are the most profitable products.

In the printed pamphlet issued by H. S. Frye, president of the New England Tobacco Growers' Association, the following statement appears on page 31, twenty-fourth line:

If I were a tobacco farmer in any other section of the United States, notably the binder and filler sections, I would look at the prospect of annexation and consequent free leaf from Cuba with all the feeling of consternation and dismay that I would of financial ruin.

That this view and fear are also shared by the New England Tobacco Growers' Association is shown by the fact that at their annual meeting, recently held, they unanimously opposed any concession to Cuban tobacco.

2. Because it would disorganize and prove very injurious to the cigar manufacturers, on whom we are dependent for the sale of our tobaccos, and whose business is so arranged as to conform to the existing tariff.

In support of our second objection, we would say that our domestic cigar manufacturers have shown a steady and healthy increase in the manufacture of higher grades of cigars, in which our domestic tobacco is used to quite an extent. Under the proposed change in duty on cigars the business in this branch would decrease rapidly; and its ultimate effect would be that the higher grades of cigars would be manufactured in Cuba entirely (where, under their prohibitive duty, our tobacco is practically excluded), thus not only depriving us and the growers of an outlet, but also depriving thousands of workmen of their occupation.

The proposed reduction on cigars would certainly result in a demoralization of the home industry of the manufacture of the better grades of cigars, which is not confined to any particular section of the United States, but is carried on throughout the country in every village, town, and city. These interests should receive due consideration; surely as much as the interests of Cuba, if not more.

Should this enormous industry be crippled? Should countless citizens be deprived of the means of making a living? Should large sums of capital be rendered almost valueless? Should both we and the growers be deprived of an outlet? Should large tracts of lands in the United States, with improvements thereon, which are only adapted for the culture and curing of tobacco, be made almost valueless? Should thousands of workmen be deprived of their occupation? These things would be the ultimate result of the proposed reduction on cigars asked for by the Chamber of Commerce of Cuba.

No one conversant with the cigar business will deny that the imported cigar bearing the distinguishing United States import stamp will gradually take the place of the higher-grade cigars manufactured here. Cigars made in Cuba have an advantage to-day which no other imported article enjoys, by having an import stamp affixed to every box. This is discrimination which works against our home product. The import stamp should be abolished.

3. Because the proposed reductions in the tariff rates on tobacco and cigars are inequitable.

In support of this objection, we would say that the proposed reduction on tobacco is only equal to about one-tenth of the proposed reduction in the duty on cigars. This is ignoring our own manufacturers and workmen, and is a discrimination in favor of a foreign article.

Cuba has at the present time a duty of \$5 per pound on tobacco, thus making importation of our home product practically prohibitive. We claim that it is manifestly unfair to us and to our growers that concessions should be made to Cuban-grown tobacco without having our domestic product enjoy the privilege of entering Cuba at the same rate of tariff at which Cuban tobacco may enter the United States. What Cuba now asks is to have its tobacco, which is admitted to the United States at a tariff of about 37 cents, admitted at a still lower duty (one-half of the existing rate), and to still retain for itself one-half of its \$5 duty on tobacco grown in the United States—a vastly inequitable proposition.

4. Because the passage of the proposed change in the tariff rates on tobacco and cigars would not inure to the benefit of those for whom it is intended.

In support of our fourth objection, the proposed reduction in duty on tobacco and cigars is supposed to have the object of ameliorating the condition of the people engaged in that industry in Cuba.

We claim that neither the Cuban farmer nor the Cuban manufacturer generally will derive any benefit by reason of the reduction. As to the Cuban tobacco farmer, it is a fact that he has received at least as much for his product since the insurrection as he did under Spanish rule. We question if under a reduced tariff rate higher prices could be obtained. Higher prices, if anything, would result in overproduction, as the territory suitable for the raising of tobacco is practically unlimited, and prices would soon, therefore, reach their present level, or probably go lower. And who would benefit?

The cigar-manufacturing industry of Habana is now practically in the hands of two powerful corporations who own and control a large portion of the best tobacco lands in Cuba. The larger is a British company, which shipped to the United States about 60 per cent of the entire quantity of cigars imported last year, and the other a United States corporation, which shipped about 30 per cent. In other words, these two corporations shipped to this country last year 90 per cent of its entire importation of cigars. These two combinations are all-powerful in Cuba; and the proposed reduction on Cuban cigars would only tighten their grasp and inure to their benefit. The result is obvious—an increase of their importations to our shores and the curtailing of our own manufacturing.

The argument submitted on behalf of Cuba by the Chamber of Commerce of the island contains numerous misstatements of fact, to which attention is briefly called.

On page 8 of said argument the following statement appears:

Congress need not listen to the pleas of Cubans who have personal interests to promote.

The argument submitted by Gustavo Bock, head of the British corporation, is wholly in support of his private interests, for the effect of the proposed reduction on cigars would be of great benefit to his corporation, and to the detriment of the industry of manufacturing high-grade cigars in the United States.

On page 9 of said argument the following statement appears:

Under existing conditions, or any conditions which are to be anticipated, she can find such a market for her sugar, and to a great degree for her tobacco, only in the United States.

This is not a fact so far as tobacco is concerned. The United States never took over about 30 per cent, on an average, of the quantity of Cuban tobacco raised, and Cuba still has the same customers in the markets of the world that she had before the war.

On page 17 of said argument the following statement appears:

If it can be shown that this plan will result in great benefit to American business in general, without serious injury to any existing industry, it ought to be supported.

This can not be shown. The fact is that incalculable injury would result to our tobacco-growing and cigar-manufacturing industries, as well as to the numerous other industries incidental thereto, and our laboring classes would naturally suffer thereby.

On page 18 of the argument the following statement appears:

There is no longer much pretense that the free introduction of Cuban tobacco will injure the American industry.

Aside from the considerations I have heretofore submitted, this is answered by the quotation from the pamphlet of H. S. Frye, on page 31, already quoted, and by the protests of the cigar manufacturers as well as those of the growers of cigar-leaf tobacco.

On pages 18 and 19 of the argument the following statements appear:

The annual production of Cuban tobacco * * * can not be largely increased. The maximum in quality was reached long ago.

This is not a fact. It refers only to the antiquated methods heretofore employed. Under modern methods of agriculture now being adopted, there would hardly be any limit to the amount of tobacco that could be raised in Cuba; nor has the limit of quality been reached, by far.

On page 19 of the argument the following statement appears:

They (the American tobacco growers) no longer seriously oppose it.

The growers in Pennsylvania, New York, Ohio, Wisconsin, Florida, Georgia, and the New England States strongly oppose it.

What the trade desires above all things is to be let alone, if possible, and to be permitted to pursue its occupation without having these everlasting changes to contend with.

In addition to these remarks, gentlemen, I have here a letter which I would like to read to you.

The CHAIRMAN. I think you had better append it to the record.

Mr. CULLMAN. It has an important bearing on this subject, Mr. Chairman, and with your kind indulgence I would like to read it at this point. It will not take more than a very few moments.

The CHAIRMAN. How many more gentlemen are there to be heard?

Mr. YOUNG. About five.

The CHAIRMAN. Very well; go ahead.

Mr. CULLMAN. This letter is as follows:

NEW YORK, January 20, 1902.

MR. JOSEPH CULLMAN,

President Leaf Tobacco Board of Trade of New York, New York City.

DEAR SIR: I am strongly opposed to a reduction of the duties on Cuban tobacco and cigars.

The price which the Cuban farmer receives for filler tobacco is from 12 to 15 cents a pound. The price which the farmer of our own country receives for filler tobacco is from 6 to 8 cents a pound. The thrifty American farmer prospers; that is, he makes a profit on his tobacco at this price. Why should the Cuban suffer from want when he gets at least 50 per cent more for his product? The price of land in the

obacco-growing districts of Cuba is less than in the tobacco districts of the United States. The price of labor is less than here. The climatic conditions there are more favorable to the cultivation of tobacco. The soil is more fertile.

If the Cuban tobacco farmer is not prosperous to-day, it is because he is improvident and ignorant; because his methods of cultivation and fertilization are primitive. His soil is still cultivated with the antiquated wooden plowshare used for generations by his forefathers in Spain. Even when tobacco sold at the highest prices, the Cuban tobacco farmer accumulated nothing. Pay him more for his product and he still will accumulate nothing.

To reduce the duty 50 per cent is to put a premium on his improvidence and ignorance. A reduction in the duty would result in an increased consumption of Cuban tobacco here and an increased importation of Cuban cigars. This must necessarily be at the expense of the American farmer and of the American manufacturer, for here must in that case be a decreased consumption of our product in this country.

Ten years ago there was practically no tobacco grown in Florida. Now employment is given to about 5,000 people within a radius of 20 miles of Quincy, Fla., alone. Reduce the duty 50 per cent on tobacco and cigars and 2,500 of these people will be without employment.

For years past the farmers of Ohio, New York, Connecticut, and Pennsylvania have grown tobacco. Barns have been specially built for the purpose of curing tobacco, and other improvements have been made that are peculiarly adapted to this particular product. Reduce the duty on Cuban tobacco and what will the value be of these farms and of these improvements?

American thrift, modern methods of agriculture, and the protection afforded by the Republican party, have enabled the American tobacco farmer to prosper. Without these advantages he can not succeed, for without them he can not compete with the conditions prevailing in the island of Cuba, conditions that are peculiarly adapted to the culture of the tobacco plant.

How many of the 750,000 to 1,000,000 people who are dependent on the various ranches of cigar leaf industry in this country will suffer through a reduction of 50 per cent of the duty on the Cuban product?

If, for reasons of sentiment, our Government wants to do the Cubans a substantial good, let it, instead of reducing the duty, establish an agricultural college in Cuba. Let such gentlemen as Professors Whitney, King, and Meade, of the Department of Agriculture, and Professor Jenkins, now in charge of the Connecticut experiment station, teach the Cubans more modern methods of agriculture, as other Americans have taught the residents of Habana how that city shall be kept clean and how its streets shall be paved.

The only benefit that will be derived by any residents of Cuba from a reduction of the duties will go to those two cigar-manufacturing corporations that now ship 90 per cent of the Cuban cigars that are imported into this country. One of these corporations is an English stock company, at the head of which is that eloquent advocate of the Cuban farmer, Señor Gustavo Bock, and the other the Habana Commercial Company, an American corporation.

Far better than a reduction of the duty would be that Cuba should become a part of the United States, so that under the direction of our own Government our farmers might go there with some feeling of confidence and security, take advantage of the natural resources of that wonderfully fertile island, and through northern enterprise and thrift produce such results as must inevitably be attained if ordinary intelligence and diligence are exercised.

Yours, truly,

E. A. SCHROEDER.

Mr. McCLELLAN. Who is Mr. Schroeder?

Mr. CULLMAN. Mr. Schroeder is a dealer and an importer of leaf tobacco, as well as a grower of tobacco, of the city of New York.

Mr. SWANSON. Do you import tobacco from Cuba?

Mr. CULLMAN. No, sir.

Mr. SWANSON. You are not an importer?

Mr. CULLMAN. No, sir.

Mr. SWANSON. Do you know the prices of tobacco in Cuba in comparison to what they were, say, a year ago? I refer to the prices of leaf tobacco.

Mr. CULLMAN. I am told that they are higher.

Mr. SWANSON. The prices of all leaf tobaccos in the United States are much higher than they were twelve months ago are they not?

This is not a fact so far as tobacco is concerned. The United States never took over about 30 per cent, on an average, of the quantity of Cuban tobacco raised, and Cuba still has the same customers in the markets of the world that she had before the war.

On page 17 of said argument the following statement appears:

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(a) Economically, the reduction of duty on imports of Cuban tobacco is beneficial to both the United States and Cuba, and the interests of both countries are harmonized.

This reduction is not detrimental to the treasury of the United States.

According to the figures of the Bureau of Statistics of the United States Treasury Department during the last five years (1885-1890) of the \$2.50 per pound rate on manufactured tobacco, the average duty collected annually was \$3,402,009, while during the ten following years (1891-1900), under the \$4 and \$4.50 per pound rates, the yearly average was \$2,793,202.

The total duty collected on manufactured tobacco during the fiscal year of 1890 (tariff of 1893) was \$4,023,295, and for the year 1894 (tariff of 1890) was \$2,471,868, showing a loss in revenue of \$1,551,427. Since 1894 the collection of duties has been still further decreasing, being but \$1,723,044 in 1898.

Therefore, the Treasury would not be affected injuriously by returning to a tariff rate equal or similar to the one existing in 1890.

As to unmanufactured tobacco, the difference in duty sought to be established between the wrapper and the filler would not benefit anyone, but would simply be detrimental to the American tobacco merchants and Cuban growers.

Cuban wrapper is not exported here, because of its high price, and does not meet the requirements of the American market. The fact that over 4,000,000 pounds of this article is imported from Sumatra, in spite of the exaggerated existing protection, proves that the article is needed.

In reference to the filler, it is to the interest of the American grower and manufacturer that plenty of it and at a low rate of duty be imported from Cuba. Two rates of duty would cause confusion in the custom-house.

The superior agricultural science of the Belgians, Germans, etc., has been unable to imitate the work of nature, and thus the Cuban tobacco has not any competition to speak of in regard to its quality. It is a fact, indorsed by the experts of this country, that a cigar made exclusively of American tobacco is an inferior article; add a little Cuban tobacco to it, and you make an acceptable and marketable article.

The difference between the two products is so great that the money made by the Cuban producer is of no account compared to the money made by the American producer, because of the mixing of the poor and flavorless leaf with the other, which is not only of superior quality, but is unique in the world. Nobody will pay more than 5 cents for a domestic cigar, while it will be a "two for a quarter" if it contains only a little Cuban tobacco. Does the amount of Cuban tobacco found in one of these "two for a quarter" cigars cost $7\frac{1}{4}$ cents? No; not even 2 cents. You see, then, that, thanks to Cuba, the value of twisted tobacco doubles. It is a fact also that the better the quality of an article the larger its sale.

As under a decreased duty on the Cuban filler the manufacturer will not increase the proportion of Cuban tobacco in his mixture, it is plain that each additional pound of Cuban filler imported represents an increase of 50 pounds in the consumption of the domestic article, and therefore in the production of domestic tobacco. What would the American tobacco industry be without the credit added to it by Cuban

tobacco? The truth is, that without Cuban tobacco the cigar-manufacturing business would not be such a good business as it is.

The price of production of our tobacco is high; and we do not compete in the quantity of our crop, nor in its price, but in its quality. As General Wood stated in the last report of the department of agriculture of Cuba, the cost of cultivation of our high-grade tobacco more than \$200 per acre; and there is no competition with the United States in the price of production.

In regard to the cigar and cigarette industry, our production is from 200,000,000 to 250,000,000 of cigars per year; the consumption of the United States is over 6,500,000,000. At present our importation is not more than 40,000,000 of cigars, or two-thirds of 1 per cent of the consumption—a drop of water in the ocean. With a reduction of duty, the consumption of this article would increase without any detriment whatever to the domestic product, and much to the benefit of the American trade. For every cent that the Cuban manufacturer makes on cigars sold to the United States the American trader makes 3 cents.

The present actual rate of duty, which is more than 125 per cent for cigars and more than 300 per cent for cigarettes, is practically prohibitive; and still the American consumer of Habana cigars does not smoke any other article. He only consumes less, while the Cuban manufacturer has fewer orders to fill and must therefore reduce his production.

Under the Spanish régime, due to the commercial arrangements with this country, more than 125,000,000 of cigars were exported to the United States. To-day Cuba has lost the Spanish market, excluded from this country, and can not make treaties with other nations; and the Cuban workingman remarks with surprise, without being able to explain it, that while the Stars and Stripes float on the Morro there is less bread and butter in his home and he is worse than under the Spanish domination.

(b) I now wish to explain something of a social-political character which deserves the consideration of the committee.

The Cuban tobacco does not compete in price; it stands on its quality and reputation. The manufacturer pays the workingman according to the work done. Under the Spanish régime there were 125,000,000 of cigars exported to the United States. Now there are only 40,000,000. Therefore the laborer now does not earn one-third as much as he did before the revolution. Or, in other words, to the men kept working before there is now one who works and two who are unoccupied.

For the Cuban grower the situation is still worse. The tobacco farms are small—more so than in any other branch of farming; the work goes on day and night, and men, women, and boys work. The tobacco is work for all.

According to the last report of General Wood (January, 1901) there are in Cuba 15,831 tobacco plantations or farms, of which 12,773 are less in size than 8 acres each; 1,890, 8 to 16 acres; 660, 16 to 24 acres and only 599 over 24 acres. In Pinar del Rio the average size of a tobacco plantation is 7.3 acres, and in Santiago 1.7 acres. See how divided the wealth in Cuba is.

Another detail to show that whatever benefits Cuban tobacco may benefit the working class of the island is the fact that of 81,745 ac-

devoted to the cultivation of tobacco, only 21,200 were worked by the proprietors, and 60,500 by their renters. 45,700 acres are located in the province of Pinar del Rio, according to the same report.

The report of the Cuban census by Gen. S. P. Sanger, 1899, shows that 80,000 people in Cuba are employed in the cultivation of tobacco. Therefore whatever the American Congress shall do in favor of Cuban tobacco will operate directly to the benefit of the Cuban people. More particularly will it benefit the province of Pinar del Rio, whose inhabitants endured so many miseries during the last revolution, which ended in American intervention and the present state of affairs.

At the same time, as the special representative in this country of the Planters' and Agriculturists' Association of the island of Cuba, I heartily indorse the able arguments of Messrs. Atkins, Mendoza, and Placé, and submit a few facts that can be easily proved.

It is very hard to fix the average price of production in Cuba, for it is affected by many conditions; but it is a fact beyond doubt that at the actual sale price of sugar, the Cuban planters do not realize the expenses of production.

In a report of the Secretary of Agriculture on the progress of the beet-sugar industry in the United States in the year 1898, Mr. Finley, British vice-consul at San Juan, P. R., shows that in Porto Rico sugar costs \$1.74 per 100 pounds, and \$2.07 put in New York.

In Porto Rico wages were low in 1898—half of what they are in Cuba now; and there the best plantations, by irrigation, increase and regulate the production. In Cuba there is no irrigation, and wages are double what they are in Porto Rico and from five to six times higher than in Java.

The scarcity of labor in Cuba is not a sign of prosperity, but simply the consequence of war. In 1893 and 1894 the crop was made under great difficulties, because of the scarcity of labor. For the same reason it is very probable that one-seventh or one-eighth of the present crop will not be made, and the crop will be reduced to 650,000 or 700,000 tons, particularly if the rains begin early.

For this reason, also, there is no foundation in the current belief that Cuba can double its present production in any short period of time. No matter how much immigration may be fostered, the increase of labor will not realize the wonderful increase of production that optimists foresee. Thus, from the fact that the United States must at present buy abroad nearly 1,500,000 tons of sugar, or double the entire Cuban production, it may be inferred that all the advantages granted to Cuban sugar can not injure the prosperity or the increase of the domestic industry, even if the beet-sugar industry should meet the best expectations of the most optimistic.

The press has repeatedly stated that more than 90 per cent of the Cuban mills are owned by Spaniards, and that, on this account, any advantage granted to Cuba by the United States would not benefit the Cubans. Nothing could be more erroneous than this.

Now, it is not to be imagined that the United States Congress is going to study the question from this peculiar point of view; for the fact is that any advantage granted to Cuban products does not benefit the owners alone, but benefits as well all the people connected with that industry, and as in Cuba everybody depends more or less on sugar, the whole of the island of Cuba would benefit by anything that helps sugar, just as it is suffering now on account of the present crisis.

I can state, however, that more than 90 per cent of the sugar mills of Cuba belong to Cubans or Americans. The Cuban plantations, on the contrary, were in 1900 mortgaged at \$102,000,000, about four-fifths of the creditors being foreign merchants, more particularly Spanish and English. In this way there will fall into their hands many farms owned by Cubans if the United States in finishing the work of pacification in Cuba shall not grant her some kind of economic help.

The CHAIRMAN. You have spoken about the plantations being mortgaged. What percentage of interest is paid on these mortgages?

Mr. DE ABAD. Between 9 and 15 per cent.

The CHAIRMAN. Is there any financial distress among the tobacco planters in the island?

Mr. DE ABAD. Of course there is, for there is a great crop which it is not possible to sell. We have in the province of Pinar del Rio a great stock of tobacco leaf for export and manufacturing purposes, of which it is not possible to dispose.

Mr. METCALF. Do I understand you to say that you heartily indorse all the sentiments uttered by Messrs. Atkins, Mendoza, and Place when they appeared before the committee the other day?

Mr. DE ABAD. Certainly.

Mr. METCALF. Were you present at that time?

Mr. DE ABAD. I was here in the room.

Mr. METCALF. Did you hear the statement made that labor in Cuba to-day commands from \$24 to \$30 a month?

Mr. DE ABAD. Certainly.

Mr. METCALF. Is that correct?

Mr. DE ABAD. Why, it is.

Mr. METCALF. Then there is no suffering among the laboring classes is there?

Mr. DE ABAD. No; that is not the case, because living in Cuba is very high; it is very expensive.

Mr. METCALF. You heard the statement made, did you not, that there was a demand for labor in Cuba?

Mr. DE ABAD. The situation in Cuba to-day is that they have not enough laborers to do the work. This year it is supposed that we are going to have a crop of 800,000 tons; but I am convinced, with other persons who have studied the question, that we can not have such a crop, because we have not laborers enough. Now, the planter has a lot of money in the ground, in the field, which he has expended in the culture of sugar cane. They must make sugar of it in order to sell it and they need to pay high wages simply to get something for their expenditure.

Mr. METCALF. Is your plea made in behalf of the planters of Cuba or is it made in behalf of the laboring classes of Cuba?

Mr. DE ABAD. It is made in behalf of all, for we are the representatives of all the laboring classes. We represent here not only the commercial corporations, but we represent the laborer and the people of Cuba. More than three-quarters of the members of municipalities in Cuba have indorsed our petition, and have authorized us to represent them.

Mr. METCALF. All I want to know is about the labor. I understand that you have not enough labor in Cuba at the present time?

Mr. DE ABAD. We have not.

Mr. METCALF. And your labor is commanding from \$24 to \$30 a month?

Mr. DE ABAD. Yes.

Mr. METCALF. In American money?

Mr. DE ABAD. In American money.

Mr. METCALF. Did I understand you to say that 90 per cent of the Cuban sugar mills were owned in Cuba and America?

Mr. DE ABAD. Certainly.

Mr. METCALF. How many mills are there in Cuba?

Mr. DE ABAD. In Cuba, at present, there are 174 large mills.

Mr. METCALF. One hundred and seventy-four?

Mr. DE ABAD. Yes; many mills have been destroyed, you know, and in other cases 3 or 4 have been organized under a single big mill, and few, very few, have been built.

Mr. METCALF. Do you know who own most of the sugar plantations there?

Mr. DE ABAD. Yes; but I can not give you the names of the owners from memory, for 174 names are quite a number, you know. I have the full list, however, and can give it to you later, if you wish.

Mr. METCALF. I am speaking now of the sugar plantations.

Mr. DE ABAD. Yes; I am speaking of the sugar plantations.

Mr. RUSSELL. There is a prohibitive duty on the importation of tobacco into Cuba, is there not?

Mr. DE ABAD. No, sir; we have a duty of \$5 on the leaf tobacco and \$4.50 and 25 per cent ad valorem on manufactured tobacco.

Mr. RUSSELL. Are there no tobaccos imported under that duty?

Mr. DE ABAD. No tobaccos are imported, of course.

Mr. RUSSELL. None whatever. Would you reduce that duty at all?

Mr. DE ABAD. We will reduce our duty on precisely the same basis that the United States will reduce its duty. We are prepared for reciprocity on the same basis. If you will give us free tobacco, we will give you free tobacco.

There is another question I am glad to have an opportunity to explain. It has been said that we can sell here filler for all the cigars the United States is now producing. Of course you know that there are imported from Sumatra every year four millions of pounds of wrapper to supply the deficiency in wrapper raised here. Let me say, however, that the percentage of wrapper which it has been claimed can be raised in Cuba is quite erroneous. In one acre of land we will sometimes have, say, 200 pounds of tobacco, only 10 pounds of which are suitable for leaf tobacco. In other crops only 50 pounds could be used for leaf tobacco, and in another nothing. The quality of tobacco raised in Cuba is entirely different from that raised in the States. Our soil is very rich, of course; but we need a very special culture. We have the best physical condition of the ground, and at the same time we have the worst physical condition; for while we have the best leaf, the best tobacco, we have insects by millions—little insects which destroy the leaf, and which we have to guard against by day and by night. There are working in the tobacco fields in Cuba not only the men, but the women and children, watching the tobacco plant from the time it is small until the time it is ready to cut. It is entirely different up here. The second quality of tobacco is of no account for exportation.

Mr. SWANSON. What do you receive this year per pound, on an average?

Mr. DE ABAD. In the report of Secretary Root it is stated that in Pinar del Rio the average has been some \$50 a bale, which contains 112 pounds.

Mr. SWANSON. What is the price this year in comparison with what it was last year and the year before that?

Mr. DE ABAD. I can not exactly answer that question, because our statistics are very deficient.

Mr. RUSSELL. Do you get 50 cents a pound for your tobacco now?

Mr. SWANSON. He gets \$50 for a bail of 105 pounds.

Mr. RUSSELL. He says from 50 to 60 cents to \$2 per pound.

Mr. DE ABAD. I say that Secretary Root in his report says that in the best fields of Cuba tobacco is raised at an average cost of 50 cents a pound.

Mr. SWANSON. There is no depression there in the tobacco business, is there?

Mr. DE ABAD. There is depression, because consumption is less.

Mr. SWANSON. Do you not sell all the Habana and Cuban tobacco that you can raise.

Mr. DE ABAD. No, sir. Of course, the factories work in accordance with the demand.

Mr. SWANSON. This is not enough Cuban tobacco to supply the demand to-day, is there?

Mr. DE ABAD. No; but they are not working all the people they can work.

Mr. SWANSON. The demand for Cuban tobacco in the world to-day is far in excess of what you can supply, is it not?

Mr. DE ABAD. It is less, because at present we can make any treaty. Prior to 1892 a great deal of tobacco was imported into Cuba from Porto Rico free of duty. In that year Porto Rico imposed a special duty on Habana tobacco, and the Republic of Cuba has done the same as to Porto Rican tobacco.

Mr. SWANSON. What other countries have increased the duty on Habana tobacco?

Mr. DE ABAD. Chile and Argentina and Spain have practically prohibited the importation of our tobacco.

Mr. SWANSON. Spain has prohibited it?

Mr. DE ABAD. Yes.

Mr. SWANSON. Where does Spain get her Habana tobacco to smoke now?

Mr. DE ABAD. At present a great part of the tobacco used in Spain is imported by a special company called the Tabacalera Company.

Mr. SWANSON. Has not the reduced exportation of tobacco from Cuba resulted from the fact that now you can not import tobacco from Porto Rico, manufacture it into "Habana cigars," and then send it out into the world as Habana cigars?

Mr. DE ABAD. We can not do that.

Mr. SWANSON. You can not do it now; but formerly you could do it, could you not?

Mr. DE ABAD. No, sir; that was only for a short time, and about the year 1892, by a royal decree, it was prohibited.

Mr. SWANSON. The Porto Ricans, when they were before us here, said they were in great trouble because they could not sell their tobacco to Cuba and have it exported to the world as Habana cigars.

Mr. DE ABAD. Yes, sir; but from 25,000 to 30,000 bales a year used to go to Cuba from the best lands of Porto Rico.

Mr. SWANSON. To be sold as Habana cigars?

Mr. DE ABAD. To be mixed as wrapper in a small proportion for that kind of cigars for which a gentleman now pays \$33 or \$34 a thousand.

Mr. SWANSON. Are you more interested in having raw leaf or manufactured cigars imported into this country?

Mr. DE ABAD. I am interested in all, because I represent the Cuban people. I have no shares in any stock company.

Mr. SWANSON. Which would you prefer—to have a reduction on the raw leaf, so that they can import the leaf and manufacture it here, or to have it fixed so that you can not manufacture the cigars here but can import the cigars?

Mr. DE ABAD. I prefer both. [Laughter.] Of course one would benefit the laboring classes who work in the field, and the other the working classes who work in the factories.

Now, let me explain something here. The gentlemen say that the price of the average Cuban cigar is \$34 a thousand. Well, I never heard of anything like that in Cuba, because only the laborers, or perhaps my valet (when he has not my cigars, you know), will smoke these 3-cent cigars. In Cuba the average price of cigars is between \$6 and \$8 a hundred, or \$60 and \$80 a thousand. In the United States, according to the statistics of the Revenue Bureau of the Treasury, the average price for last year was \$54.

Mr. SWANSON. I asked you a moment ago—

Mr. DE ABAD. Permit me to finish this, because it is a matter of explanation. Cigars which sell for \$60 a thousand are something like this [exhibiting cigar]. Now, here is another, much better [handing another cigar to Mr. Swanson]. You are going to enjoy a good smoke now.

Mr. SWANSON. Thank you; I will try it. [Laughter.]

Mr. DE ABAD. This cigar you could not get in Cuba at less than \$120 a thousand. Cigars like that cost here 35 cents each.

Mr. SWANSON. Now let me ask you this question; I just want to know for information. Do you not export from Cuba to-day as much raw leaf and cigars combined as you ever did?

Mr. DE ABAD. No, sir; oh, no, sir; much less.

Mr. SWANSON. You export all you raise, do you not?

Mr. DE ABAD. Yes; because we raise less than before.

Mr. SWANSON. As I understand you, you export possibly less cigars than you did, but you export more leaf to this country; do you not? In other words, the exportation to this country of leaf tobacco and cigars, combined, is about the same as formerly, is it not?

Mr. DE ABAD. Oh, no; no. We export less tobacco and cigars, combined, at present.

Mr. SWANSON. You export less cigars, and less leaf, too?

Mr. DE ABAD. Yes. We export about one-third of what we did some four or five years ago.

The CHAIRMAN. What did you say the Cuban planter got for his tobacco?

Mr. DE ABAD. The Cuban planter? That depends upon the quality, you know.

The CHAIRMAN. What is the average price?

Mr. DE ABAD. It is not practical to average tobacco. My father is a planter—

The CHAIRMAN. Well, give the highest and the lowest price, then.

Mr. DE ABAD. For the highest you may pay \$400 to \$500 per hundred pounds for leaf, and sometimes in a plot of land of 10 acres you find two bales—200 pounds.

The CHAIRMAN. Now, what is the lowest price?

Mr. DE ABAD. Two or three dollars.

The CHAIRMAN. A pound?

Mr. DE ABAD. No; a hundred pounds.

The CHAIRMAN. Two or three dollars a hundred pounds?

Mr. DE ABAD. We raised last year about 150,000 bales of tobacco worth no more than \$3 a bale, which it was impossible to sell on account of our export duty. With the export duty removed we can sell that tobacco to Spain and Germany at \$3 a hundred pounds.

The CHAIRMAN. One other question: Are you willing to have the same rate of duty put on tobacco coming from the United States to Cuba that we put on tobacco coming from Cuba here?

Mr. DE ABAD. Certainly; we do not object.

The CHAIRMAN. You do not object to that at all?

Mr. DE ABAD. Not at all.

The CHAIRMAN. You are not afraid, then, of ruining the reputation of Cuban products?

Mr. DE ABAD. Oh, no; the tobacco of Cuba is something like champagne, you know—it stands on its own merits. We have not so much land in Cuba as is generally supposed upon which good tobacco can be raised. The average of land in good tobacco is about 9 per cent of the acreage of the island.

Mr. RUSSELL. The statistics show that in 1899 we imported into the United States 7,800,000 odd pounds of leaf. In 1900 we imported 11,011,403 pounds of leaf. That is a substantial increase.

Mr. DE ABAD. Yes; of course.

Mr. RUSSELL. The statistics of 1901 show an importation of over 18,000,000 pounds of leaf.

Mr. DE ABAD. Yes.

Mr. RUSSELL. Which is a very substantial increase.

Mr. DE ABAD. I can give you an explanation of that.

Mr. RUSSELL. In the last ten years, going away back to 1890, there have been only two years when we imported from Cuba in excess of what we imported last year. Of course the importations fell off during the war years. In 1896, according to these statistics, we imported 26,000,000 pounds of leaf, and back in 1893 we imported 21,000,000. Those are the only two years from 1890 down when we imported more from Cuba than we did last year—in 1901.

Mr. DE ABAD. Yes.

Mr. RUSSELL. Does not that indicate that you are getting back very nearly the same amount of business that you formerly had?

Mr. DE ABAD. Yes; but it is very slow, you know. It takes many years to do it.

Mr. RUSSELL. You are increasing at the rate of 7,000,000 pounds a year, are you not?

Mr. DE ABAD. But permit me to explain what is the case. In the year 1900 we had an exportation duty, and on account of that duty on exportations a great part of the crop was not exported. The next year,

in 1901, the exportation duty was removed; and in that year there was exported the crop of 1901, and also part of the crop of 1900.

Mr. RUSSELL. Did you have an exportation duty in 1892, 1893, and 1894?

Mr. DE ABAD. At that time we had an exportation duty; yes, sir.

Mr. RUSSELL. You see you are coming right back, then, to the same condition of things which existed at that time.

Mr. DE ABAD. But there was no tariff then.

Mr. RUSSELL. You are coming right back to trade before the war, and there has always been a tariff on tobacco importations.

Mr. DE ABAD. But there was no tariff on importations in the States.

Mr. RUSSELL. The showing as to your importation of cigars is just the same. In 1901 the value of the cigars imported into the United States from Cuba was \$43,000,000. In 1900 it was \$31,000,000. The figures I first named were the total value of importations of leaf and cigars. These figures show the increase. The cigars increased at the rate of about \$1,000,000 a year from 1898 to 1901. It seems to me you are getting back your trade pretty rapidly.

Mr. DE ABAD. That is very natural. In the year 1898 we were dealing with conditions immediately after the war. From 1898 until now we have been in peace. Everything has come to some stable state, you know; and it is very natural that we have been growing something and doing something. The people have not been fighting, you know.

Mr. RUSSELL. But I say, you are now getting back very rapidly the amount of trade you had before with the United States.

Mr. DE ABAD. But it is a fact that under the United States tariff it has been impossible for us to go into any foreign market. We certainly can increase our productions slowly, but it will take many years to equal the trade of 1892 and 1893.

Mr. SWANSON. What do you say I will get this cigar for if we have free trade?

Mr. DE ABAD. You will get it here for 12 cents.

Mr. SWANSON. It is a very good cigar.

Mr. METCALF. You are getting it now for nothing.

STATEMENT OF J. W. UPSON, ESQ.,

Representing the Tobacco Growers' Association of the State of New York, etc.

Mr. UPSON. I am here to represent the Tobacco Growers' Association of New York State, consisting of Cayuga, Wayne, Onondaga, Oswego, and Madison counties. I am also here to represent the growers of Sumatra shaded tobacco in Decatur County, southern Georgia; and incidentally I am here to represent myself in the Connecticut Valley, where I have a plantation of 200 acres and am engaged in raising shaded Sumatra wrappers, together with the old Habana wrapper.

Before we go further, I will state that I am very hard of hearing and have this gentleman here to prompt me. I did not hear the last gentleman's statement, and I would like to inquire what his business was? Did he say he was a grower?

The CHAIRMAN. No; he is a civil engineer.

Mr. UPSON. Well, if it is a fair question, then, who prepared this tobacco statement of his? [Laughter.] We who are here to represent the tobacco-growing interests are all grangers, you know, and we are not supposed to make any real sharp points. [Laughter.]

The Agricultural Department of this Administration very kindly sent four or five experts to the Connecticut Valley to show our people how to grow shaded Sumatra tobacco; and, unlike most Government enterprises, they did their work well. [Laughter.] They stayed right out on the firing line, helped grow that tobacco, helped harvest it, helped bulk-sweat it, helped put it into bales (which are Sumatra-shaped bales), and finally helped engage, free of charge, brokers in New York to put that tobacco on the market advantageously for the farmer; and it was a success.

We have now been engaged for four years in growing Sumatra tobacco in southern Georgia. I watched it very closely, and I was so much pleased that I have no hesitation in saying that these people who have always laughed us out of court—these manufacturers who said we could not make Sumatra tobacco—are practically admitting that it is to be a factor in the Sumatra-wrapper trade of this country.

Mr. SWANSON. Are those samples of tobacco which you have there?

Mr. UPSON. Yes. I am going to show them to you a little further along, in connection with this Cuban question.

Now, what my growers in New York State want to know is why, when the Agricultural Department of this Government is fostering this matter, a bill emanates from the War Department taking off the duty on the same tobacco that we have been induced to raise. The farmers are a little bit obtuse, but when they once get an idea through their heads they have a long memory; and I can not explain it to them, so I am here to learn myself.

I am going further than these manufacturers and leaf people have gone to-day. We are confronted with a fact and not a theory in Cuba.

By the way, I want first to state that the Cuban committee, when they spoke the other day, admitted before this committee that their trade was practically in good shape. Is that right?

The CHAIRMAN. Just go on and make your own statement, Mr. Upson.

Mr. UPSON. Very well. They admit that they are practically in good shape. The leaf dealers admit that they are in good shape. The manufacturer admits that he is in good shape. We, as growers, admit that all this is true; and there must be something in what we all admit. Now, if there are not over 2 or 3 per cent of wrappers brought from the island of Cuba, what is the necessity of altering the old Dingley bill and making a new schedule?

The other people will turn right around and ask what is the harm in doing it. Now, that is what these samples are here for.

We claim, as I said before, that we are confronted with facts and not with theories. We claim that at the present time the island of Cuba is a competitor of ours.

For that purpose I have brought before you two samples of tobacco grown under shade on the island of Cuba, from Cuban seed which I myself procured and had grown. This is not what I hear or what I guess; it is what I know. I have also here two other samples, one grown from Habana seed and the other from Sumatra seed, under my

tents in Decatur County in southern Georgia. Now, then, you have some of the brightest experts in the United States here; and I defy any one of them to select the Cuban seed grown in Cuba from the Sumatra seed grown in Cuba or from the same seed grown at my plantation in southern Georgia.

If they can tell the difference, then I will yield this argument. If they can not, then the island of Cuba, if you let these bars down, is to be the mecca of the tobacco growers. They are going to vacate the Connecticut Valley and southern Georgia. Everything—nature, natural irrigation, and all those things—are in her favor. They can grow beautiful tobacco there.

The gentleman who just sat down explained that the insects eat the tobacco, so that they can only get a small proportion of wrappers. But this system of growing tobacco under shade excludes all insects, frost, hail, wind, and everything of the sort. It is the surest crop to grow that there is.

Incidentally I meant to mention the fact that your agricultural people, Wilson and Whitney and Floyd, did their work so well that they made us believe that we could produce a Sumatran wrapper there, as a result of which an order has been given for over 3,000,000 yards of sheeting to cover the next season's crops. Those sheetings are partially woven and ready to deliver, and must be accepted; so that you can get some idea of the situation.

This question has all been thrashed over by very careful and by some very able men, and the only thing further that I have to say is this:

I have been coming before the Ways and Means Committee for fourteen years for the New York State Growers' Association, and in that fourteen years this is the first time that my friends, the manufacturers and the leaf dealers and the growers, have all been asking, unanimously, for one thing. As a grower I plead with you not to injure the manufacturing interests and not to injure the leaf dealers' interests, because when the manufacturer flourishes the leaf dealer flourishes and when the leaf dealer flourishes the grower flourishes. I will not take any more of your time, gentlemen.

By the way, however, I want to say that the 18-inch wrappers grown in Cuba run 227 to the pound, and consequently a pound and a half will cover a thousand full-sized cigars, which is in excess of the average bale of Sumatra tobacco brought from the island.

One more point that I had forgotten. This committee know much better than I do; but I want to know if these bars are let down what there is to prevent the exportation of tobacco from Sumatra to Cuba which will be repacked with Cuban earmarks on the bale and shipped in here, while this Government can not open a bale to examine it?

The CHAIRMAN. There is not much danger of that with a duty of \$5 a pound, is there?

Mr. URSON. That is right; but if I understand the matter correctly you are about to cut loose in the island, and they are about to make their own laws, and these importers who are here—I know everyone of them, and many of them have offices right on the island of Cuba—will see to it that the law is made open. [Laughter.] We are not to control them, if I am right. I have been dealing with all these people all my life, Mr. Chairman. [Laughter.]

By the way, I spent some part of the winter in Cuba, and a large portion of them have offices there. I was wined and dined and nicely taken care of by them. There are more brokers' offices there than there are Cubans or Spaniards in the Connecticut Valley—a lot more.

STATEMENT OF HERBERT MYRICK, ESQ., OF SPRINGFIELD, MASS.,

Chairman of the League of Domestic Producers.

Mr. MYRICK. Mr. Chairman and gentlemen of the committee, we have heard a great deal about the depressed condition of the tobacco industry on the island of Cuba. I took the precaution the other day to ask the honorable Secretary of War for a table from the Division of Insular Affairs showing the exportation of tobacco and manufactures from the island of Cuba during the fiscal years 1899-1900, as compared with last year, 1900-1901.

We see from this table that the exports two years ago from Cuba to the United States of tobacco and its manufactures were about \$13,000,000. This last year they were a little over \$13,000,000. Cuba's exports to the United Kingdom advanced from less than \$4,000,000 to nearly \$6,000,000, an advance of nearly 50 per cent. Cuba increased her exports to Germany of tobacco and its manufactures from \$1,800,000 to over \$6,000,000 in value, a threefold increase. She increased her exports in every other country. France, Chile, Austro-Hungary, the Netherlands, Canada, Argentina, Colombia, Uruguay, Australasia, and other countries all showed an increase, with the single exception of Spain.

A great deal has been said here about the way Spain has been "getting back" at Cuba. Well, Spain bought of Cuba two years ago \$700,000 worth of tobacco and its manufactures, and last year she bought \$450,000 worth. There was a very slight decrease, as against a heavy increase to every other country with which Cuba did business. Her total exports of tobacco and manufactures two years ago were a little less than \$22,000,000, and last year were nearly \$29,000,000 in value.

I am not aware that there is any error about those figures. There is nothing to prevent the Cuban tobacco industry from enjoying as large profits as it ever had from its trade with the United States, even if the tariff is not changed an iota.

I am skipping a number of points that have been made here; but if this is the case—and there has been no testimony adduced before this committee to prove that there is any material depression in the tobacco industry of Cuba—why give the Cubans additional profits, to the detriment of our industry in this country?

Be it understood, furthermore, that the cigar-leaf tobacco industry of the world is prosperous and flourishing. It is enjoying an era of high prices and a rapidly increasing consumption. Indeed, prices of all desirable grades of cigar leaf have seldom been higher for the same length of time than the values now prevailing and that have prevailed for months. While it is true that the sugar market throughout the world is temporarily depressed by overproduction, the cigar-leaf tobacco market, on the contrary, is in a strong position. Therefore none of the arguments that are being made for free Cuban sugar will apply to Cuban tobacco.

Now, we want to understand that point distinctly—that there is no depression in tobacco down there; that they are making money in it; and, furthermore, that they have fully restored the production of tobacco on the island.

Here are the figures. This is from the report of the Governor-General. He testifies that the tobacco vegas or plantations have nearly all been reconstructed. Tobacco culture in Cuba has already been fully restored; for the production of leaf on the island during the year ended June 30, 1900, is reported as 507,000 bales, against 454,000 bales in 1894.

The CHAIRMAN. Where do you get your figures?

Mr. MYRICK. From the report of Governor-General Wood. That is on pages 50 and 51. Figures are also given in the same report to show that the receipts for an average crop in Cuba at a low valuation exceed the expenses by 50 per cent.

The more we get right at the basis of these things the more we find that Cuba has a marvelous opportunity. She merely needs to work and develop the opportunities she has; and this talk of doing something for Cuba on the plea of humanity is an argument that cuts two ways.

Gentlemen, I sent twelve young men from my establishment to Santiago in the Second Massachusetts regiment. Only six came back. One was shot; five were taken sick and died. Did we not do something in the name of humanity for Cuba?

That is merely one concrete instance. We have done marvels for that island. Let her now do a little for herself.

This plea for humanity has been very actively urged by our friend, Mr. F. B. Thurber, under the name of the so-called "National Pure Food Society." The president of this society is Mr. F. B. Thurber and its secretary Mr. Hylton Swan, with an office at 90 West Broadway, New York. These same gentlemen operate from the same office as the United States Export Association, which has been heard before this committee.

This National Pure Food Society has circulated a great number of petitions and letters in behalf of free sugar and a 50 per cent reduction on other Cuban products. The circulars issued by this society contain in their letter heads the names of the following as vice-presidents:

Dr. John S. Billings, of the United States Army, and now librarian of the Astor Place Library, New York.

Dr. H. W. Wiley, chemist of the United States Department of Agriculture, here in town.

Charles D. Woods, director of the State agricultural experiment station at Orono, Me.

Ellen H. Richards, professor of domestic science in the Institute of Technology, Boston, Mass.

The inference that has been gathered by the Congressmen and by the public from the circulation of this literature under the name of this society is that this lady and these gentlemen and all the interests they represent favor the demands of the sugar trust, as voiced by Mr. Thurber.

Mr. McCLELLAN. Do you mean to say that Mr. Thurber simply came here in the interest of the sugar trust?

Mr. MYRICK. He certainly made a most admirable plea in behalf of its interests.

Mr. McCLELLAN. You do not mean to say that he was here as the attorney for the trust, do you? I ask for information.

Mr. MYRICK. No, sir; I would not say that. I think he made a very admirable plea for them.

Now, I will submit here, without reading them, letters from Dr. Billings, from Professor Wiley, from Professor Woods, and from Mrs. Richards, absolutely protesting against this proposition, declining to have anything to do with it, and withdrawing their names from Mr. Thurber to be used in this connection. I would like to have them printed in the record. (See Appendix, page 564.)

Mr. METCALF. By the way, let me interrupt you just there. Mr. Thurber, when he appeared before the committee the other day, said that the resolution was passed by the board of directors of this association of which he is president.

Mr. McCLELLAN. Is this the Pure Food Association?

Mr. MYRICK. This is the Pure Food Association.

Mr. McCLELLAN. He announced that he appeared for the export association, as I remember.

Mr. MYRICK. Now, a great deal has been said here in behalf of reciprocity with Cuba. Gentlemen, I wish to impress upon you, and through you upon the Congress of the United States, that we are facing a new economic situation. We are asked to admit free Cuban tropical products into the United States. All history demonstrates that the Tropics are exporters of food products to a large degree, and are but small importers. They sell a great deal of agricultural products, but they buy very little of manufactures.

It is a fact that England sells only 71 cents worth per capita of goods to the Tropics, while this country alone sends into England \$15 worth per capita of our products.

If we are to have reciprocity at all, give us reciprocity with the other side of the Atlantic, which is the great market for our produce and our manufactures.

Now, just a word on this point. In 1893, 1894, and 1895, when we had free sugar from Cuba and reciprocal concessions, and during an era of prosperity, Cuba sold us nearly five times as much as she bought from us. That was the result of reciprocity.

Mr. GROSVENOR. Where do you locate the prosperity in those years?

Mr. MYRICK. Cuba was enjoying prosperity.

Mr. GROSVENOR. Yes; I did not know but that you were locating it in this country.

Mr. MYRICK. Not particularly; but we had depressed business at that time and our prices were low, which was to her advantage.

Mr. GROSVENOR. I see the force of your argument now. I thought you spoke of the prosperity here.

Mr. MYRICK. You must not bring up the question of the years antedating 1893 before this committee. [Laughter.] Now, if we go back twenty years, we find that Cuba has sold us goods to the value of over \$1,000,000,000, and she has bought from us only to a little over the amount of \$250,000,000, a balance of trade in her favor of \$750,000,000.

Mr. RUSSELL. What was it she sold to us, principally?

Mr. MYRICK. Sugar and tobacco.

Mr. RUSSELL. That is about all, is it not?

Mr. MYRICK. Sixty-eight per cent of Cuban exports are raw agricultural products, and 25 or 28 per cent more are manufactures, mostly of agricultural materials.

It seems to me these facts have been abundantly demonstrated; and you have only to look in the Monthly Summary of Commerce and Finance of the United States for July, 1901, to find official documents setting forth the great possibilities in Cuba, and the degree to which her industries have already been resuscitated, and their possibilities. Enough has been set forth to convince the majority of both House and Senate that we have done our duty from a humanitarian standpoint to the utmost—full measure pressed down and running over—and that the great thing now is to encourage the Cubans to work out their own salvation.

I dislike to think of any possible legislation that would not only bring disaster to the established tobacco-growing interests and cigar-manufacturing interests throughout the United States, but that would also paralyze our beet-sugar interests, our fruit growers, our vegetable growers, our rice growers, and all these other fruit and vegetable and trucking and special crop industries.

Mr. METCALF. Will you file those letters to which you refer?

Mr. MYRICK. I will.

Mr. METCALF. Those four letters?

Mr. MYRICK. Yes, sir.

Mr. METCALF. I make that request because Mr. Thurber said that the United States Export Association and the National Pure Food Society authorized him to send those circulars out and paid for them.

Mr. MYRICK. Yes, sir.

Mr. METCALF. I would like to have those letters filed as a part of your statement.

Mr. MYRICK. Yes, sir; I will leave them with the reporter. (See Appendix, page 564.)

CHEMUNG VALLEY TOBACCO GROWERS' ASSOCIATION, OF NEW YORK.

Mr. McCLELLAN. Mr. Chairman, my colleague, Mr. Gillet, has asked me, as a matter of courtesy, to request the Chair to let the record show that Mr. C. A. Low, president, and Mr. G. M. Wells, secretary, of the Chemung Valley Tobacco Growers' Association, of New York, appeared here, but were called away and were unable to make an argument.

The CHAIRMAN. The reporter will put that on the record.

STATEMENT OF DANIEL HARRIS, ESQ.,

Representing the International Union of Cigar Makers.

Mr. HARRIS. Mr. Chairman and members of the committee, I am here representing a class whose interests, I believe, are more deeply affected by the matter before you than those of either the farmers or the manufacturers, for the reason that they have neither wealth nor lands. It has been stated here by one of the previous speakers that if these bars are let down the farmers can raise other crops. Quite a

number of the manufacturers are very wealthy, and they will not suffer the inconvenience that the cigar makers would.

The gentleman from Cuba in his brief made the statement that decrease in the revenue would not decrease the amount paid into the Treasury. We acknowledge that fact; but we know full well that it would decrease the amount of money that would go into the pockets of the cigar makers, and that they would virtually have no employment.

The domestic cigars, he states, are an inferior article, which the product from Cuba makes acceptable. Grant it. It is absolutely no denial on our part to state that the domestic article to which he refers is inferior to Habana tobacco; but if a reduction is made in the duty, there will be no more work for cigar makers. These cigars would all be made in Cuba; and I want to state right here, Mr. Chairman, that we have more cigar makers in Tampa and in Key West making clear Habana cigars at the present time than there are in the island of Cuba. We have more cigar makers in the city of New York making the same class of goods than they have in the island of Cuba; and if this reduction is made upon the cigars that are now produced in the island of Cuba, that most lucrative part of our craft will be virtually lost to the cigar makers, and we will become objects of charity.

As was stated this morning, the revenue derived at the ratio of 93 and 74 would bring it down to the amount at which a cigar could be produced in the United States.

Now let me call the attention of some of the gentlemen here who are well versed in this matter to the fact that Habana tobacco is used not only in the city of New York and in Tampa and in Key West, but in the Eastern States and various parts of the country. Take Connecticut, for instance. The city of New Haven and the city of Hartford produce yearly millions of cigars, and the domestic wrapper is used upon the cigars that are sold for 10 cents.

If the 25 per cent ad valorem duty is taken off of the imported cigars, it will not only wipe out these domestic cigars that are made in the States of Connecticut, Massachusetts, Vermont, New Hampshire, and Maine, but it will also wipe out the branch of industry that I represent in the city of New York, employing to-day over 10,000 cigar makers.

Mr. McCLELLAN. In New York alone?

Mr. HARRIS. In New York City. I want to say that a reduction of this revenue would affect, in the United States, 50,000 cigar makers who make this class of goods—10-cent cigars. Moreover, our international president, who wired me to appear here to-day, has in his office protests from 450 local unions of our organization, representing every State in this Union with the exception of three, and representing 100,000 cigar makers alone, who have entered a unanimous protest against transplanting their employment from the United States to the island of Cuba.

Humanity? Humanity, like charity, commences at home. We believe that the American citizens who work at our craft have the pre-eminent right to be considered before the people of the island of Cuba. I believe it was said on a number of occasions that protection to American industries should be the slogan of this party when it came into power; and we desire, on behalf of our organization, that that slogan shall be lived up to. We believe that 100,000 cigar makers, with

50,000 people who prepare the stock for them, with 75,000 box makers, outside of the men who make the nails, and the stereotypers and the printers who print the labels for our goods, are entitled to some consideration from this committee.

I believe that the members of our organization, throughout the past, have always favored a protective tariff; and I believe we stand to-day unanimous in that position, and we have never yet receded from it. And, Mr. Chairman, I do say, in behalf of our organization, and not alone in behalf of them but of the members who are affiliated with them in the various other crafts, that we are entitled to some consideration from this committee.

This step, if taken, means a virtual stagnation in our trade. It means the wiping out of the most lucrative branch of our industry, not alone in the city of New York, but in every State of the Union.

I thank you.

The CHAIRMAN. Do you know about how many cigar makers are employed in the United States?

Mr. HARRIS. One hundred thousand.

Mr. McCLELLAN. How many men are, directly or indirectly, dependent on the cigar business, do you estimate?

Mr. HARRIS. Very nearly a million.

Mr. RUSSELL. What is the average wage?

Mr. HARRIS. That is one thing I omitted when I said that this was the most lucrative part of our business. I want to say that we have a list of prices for the manufacture or making of clear Havana goods. In the city of New York it is \$18 low per thousand. It ranges from \$18 to \$100 per thousand, and that means the most lucrative part of our business. There is not a manufacturer here, Mr. Chairman and gentlemen, who does not know that in order to retain his trade on his cheap goods, he has to supply a better class of goods with them. The gentlemen here know that.

Mr. RUSSELL. What is the scale of wages in Cuba?

Mr. HARRIS. That I do not know; I have no knowledge whatever of it. But I know this, Mr. Russell, that the Cubans come to this country to work. We have quite a number of them in the city of New York, and there are quite a number of them in Tampa and Key West. I believe that our scale, on the lowest grade of goods—that is, the Figaro, which calls for \$18—is way above the Cuban rate of wages.

Mr. RUSSELL. It averages about the same, does it not?

Mr. HARRIS. On all grades, I believe, the United States pays a higher rate of wages.

Mr. McCLELLAN. Would that million of people include the men employed in raising and manufacturing other forms of tobacco? Would it cover the whole tobacco industry of the country?

Mr. HARRIS. It covers the whole.

Mr. McCLELLAN. All forms of tobacco?

Mr. HARRIS. All of the cigars, sir.

Mr. McCLELLAN. And all other forms?

Mr. HARRIS. No; not the smoking tobacco. As the gentleman stated, that is an industry of the Southern States. We have very little cigar leaf raised there; we may say none, in fact.

STATEMENT OF JAMES E. LAW, ESQ., OF LANCASTER, PA.,

Dealer and packer of tobacco.

Mr. LAW. Mr. Chairman and members of the committee, Lancaster County, with an area of less than 1,000 miles and a population of 159,000, its farms selling at an average of \$130 per acre, is deeply interested in the proposed reciprocal tariff between this country and Cuba, which would seriously affect us in three ways:

First. As dealers and packers of tobacco; as we have hundreds of large warehouses in which the product is assorted, packed, and cured, and in which are employed thousands of hands in the busy season.

Second. The ninth internal-revenue district of our State embraces, among others, our county, which manufactures the great proportion of cigars made in this district, amounting to the enormous number of 720,000,000, being greater than the output of any other internal-revenue district in the country, and which, as nearly as can be estimated, employs 7,200 cigar makers, besides the 30 per cent more who are employed in packing the cigars, preparing the tobacco, and doing the other work incidental to a factory.

Third. Our farmers will produce this year in the neighborhood of 18,000,000 pounds of tobacco from probably 12,000 acres, which will give about one year's labor to 6,000 workmen, and the value of which will amount to about \$900,000. It is the "money crop" of our farmers, as we have long since discovered; for at the price of our land and the low prices for grain that have been prevailing for the last decade we can not compete with the West. This crop and the industries in connection with it have made us prosperous. Of our large population two-thirds is village and rural. The assessed valuation of our county amounts to over \$83,000,000, much of this wealth being the direct result of our tobacco industry.

This prosperity has been accomplished by hard work, as our farmers must keep their noses in the furrows all the time. We are not large planters who live in luxury and farm with hoe handles that reach beyond seas; our profits are so small that they must be earned by hard work, intelligent application, and close economy. We are not situated like some other tobacco-producing countries which employ coolie or low-priced labor, whose wages are maintained at such a figure as to merely keep them from starvation, and who never profit when their masters are prosperous. The large bulk of our tobacco is raised by "croppers," and they share alike with the landowners in eras of prosperity. The idleness, poverty, suffering, and want that would follow a reduction of the duty on tobacco and cigars would be appalling, and would be one of the most widespread disasters that could be forced upon our prosperous people.

We can hardly realize that our lawmakers or the nation are willing that we shall be plunged into idleness and poverty to help the capitalistic planters of Cuba. Is it not the height of selfishness that, after sacrificing some of our best blood and hundreds of millions of dollars in freeing Cuba, its people now say to us, "We can not exist unless you allow us to dictate your economic policy toward us?" And in furtherance of this, must our law-abiding, thrifty, and hard-working people be cast into poverty to support in ease large planters and a shiftless, revolutionary element in their tropical idleness?

In last Saturday's Outlook, that of the 18th instant, Governor Wood, in an article on "Reciprocity with Cuba," merely asserts, without presenting any facts, as follows:

"Cuba has already produced practically her maximum crop of tobacco, which altogether amounts to only a small fraction of the total production of the United States, and, if it were admitted free, would make little or no difference to our tobacco producers; but, as in the case of sugar, her tobacco producers expect only such reduction of duty as will render a continuation of the industry possible."

Governor Wood has certainly shown himself to be a very able administrator of the affairs of this turbulent island, but when he makes the foregoing assertion he shows that he does not grasp the true condition, or that his judgment is warped by sympathy, and that he is willing to build up the prosperity of Cuba upon the ruins of some of our own industries.

As briefly as possible, I wish to show the incorrectness of his views. True, when he writes of the resources of the island, he is better informed than I am, who have never been there; but after trying in every possible way to learn of its resources, I am not inclined to accept as a fact the statement that "Cuba has already produced practically her maximum crop of tobacco." The island is large; and from all I can learn the same conditions prevail there as in other tobacco sections, notably in our country, where new fields are being opened and large acreages produced to supply the increasing demand; and were the market restricted, as some years ago, the acreage would surely be reduced.

Again, he says it amounts to only a "small fraction of the total production of the United States." It is certainly no small item when you consider that last year there were imported from Cuba into this country nearly 18,000,000 pounds. I have not the figures at hand to show how much tobacco was raised in this country which went into cigars, as we dare not confound the two classes of tobacco which we raise, one large class going into chewing tobacco and into export, while the other class goes almost exclusively into cigars. To the latter class belong the Cuban tobaccos; and I think it is a very safe estimate to say that Cuba furnished not less than 15 per cent of this class of tobacco. They probably consumed more than they exported to us in their own large factories; and that, with a possible export of as much to other nations, brings her product of cigar leaf up to about 50 per cent of our cigar-leaf production. Her development in this direction can be easily shown by her increased annual exports to us within the last few years.

The future of her tobacco industry can easily be imagined when one takes into consideration what is now being done in that nature-favored island, which is just emerging from an age of revolution and political disturbances.

Again, Governor Wood says:

"If it (the tobacco crop of Cuba) were admitted free, it would make little or no difference to our tobacco producers."

If he had examined into the facts of the case, he would have discovered that every pound of this Cuban cigar tobacco displaces just as much of our own cigar tobacco, and if it were free our tobacco would soon be largely replaced by their increased production. There is no doubt but that much of their product which now goes to other nations

at high duties, or their equivalents in government monopolies, would also be sent here. Should we have free Cuban tobacco, the lands once farmed by the Spanish aristocracy would be taken hold of by the American capitalists or the American monopolistic tobacco corporations, and they would make 20 pounds of tobacco grow where now one grows.

We dare not lose sight of the fact that much of the tobacco grown in Cuba has an aroma and taste that has never, to my knowledge, been equaled by any grown elsewhere; and when once a smoker's taste has been accustomed to it no other tobacco has the same solace for him. True, we raise a fine grade of filler which is at times palmed off as a Cuban filler, as was shown not long since before the New York courts in the case of a popular and widely advertised brand of cigars which the manufacturers claimed to contain solid Cuban fillers, but which testimony showed were filled entirely with Pennsylvania tobacco. The smokers who could not distinguish the fine aroma of the Cuban tobacco were deceived by the advertising; but those who had learned the fine taste of the imported tobacco were not misled by these false claims. The more the smokers are educated the greater will be the demand for this Cuban product, even if it is the name only that attracts, as there is tobacco raised there which is as poor as well can be.

In closing his article, Governor Wood says:

"Her tobacco producers expect only such reduction of duty as will render a continuation of the industry possible."

This is a misleading statement, as the present duty on this product has been in force many years, since long before the last revolution, and the market price has been about the same. The culture of tobacco has always been a profitable business to the planters of the island; and it looks to me as if their comfortable profits were to be increased at the expense of our farmers. Or it may be that much of the tobacco property has fallen into the hands of large investors, whose business it is to bring all out of the production they can; and while their profits must certainly be large at the Cuban end, their dividends would be increased if they could reap another profit at this end.

Our farmers must be satisfied with one-half the profit that the Cuban planters are making under present conditions. Taking a high average price for tobaccos in our State for the last five years, it is not over 7 cents per pound, the yield averaging 1,600 pounds per acre. In producing about one-half the number of pounds per acre that we do, they get on an average 25 cents per pound, or nearly twice as much as we do, and their freight to New York is scarcely more than it is from Lancaster County to New York. If they can not make a living under these conditions, it is their own fault; and we do not think it is fair play that our hard-working and frugal farmers should be virtually ruined to support these people in their thriftlessness.

The foregoing figures given on Cuban tobacco I have no means of verifying by any authentic reports at hand, but have them from persons who have visited the island and are more or less acquainted with its conditions.

Our leaf dealers, cigar makers, farmers, and laborers believe in a tariff, and have been no mean contributors to its support in whatever way they have had to pay enhanced prices in their daily wants; and they fully recognize that but few of their other products are protected as against the large list of other articles that are highly protected.

They can not understand why they are to suffer, in this sentimental and ruthless attack upon their products, for the benefit of a people who have been so selfish as to have laws that practically prohibited the importation of all and any leaf tobacco (which laws, I suppose, are still in force), and who, notwithstanding such prohibitive enactments, are manufacturing a sentiment among well-meaning and sympathetic people that will lead to the ruin of one of our largest and most prosperous industries.

Tobacco is certainly a luxury, and on the ground of "taxation for revenue only" it should consistently pay a large tax. Had we suspected that with all these facts before the public anyone would be bold enough to attack the tobacco and cigar tariff, we would have aroused all the ramifications of the business and presented such figures of this industry as to astonish the Committee on Ways and Means.

Trusting in the fairness and patriotism of this committee, we hope you still believe in the old saying that "charity begins at home," and that you will give our case the favorable consideration that the hurried facts here presented entitle us to receive.

STATEMENT OF B. EZRA HERR, ESQ.,

President Lancaster Tobacco Growers' Society.

MR. HERR. Mr. Chairman, inasmuch as the gentleman from Cuba presented the chairman of the committee with a Cuban cigar, I would like to present him with a domestic cigar. This cigar is made out of three varieties of tobacco grown on my farm ten years ago. It is a purely domestic cigar and nothing else.

THE CHAIRMAN. I am very much obliged to you. Where is your farm?

MR. HERR. In Lancaster County.

As president of the Lancaster Tobacco Growers' Society, Mr. Chairman and gentlemen of the committee, I heartily indorse the resolution just presented by the Lancaster Leaf Association, and would offer this in addition:

Resolved, That the tobacco growers of Lancaster County and its surroundings enter their solemn protest against the reduction of the tariff on tobacco imported from Cuba.

In defense of these resolutions we offer the following reasons:

We have given our money and the lives and health of our sons in driving their masters and tyrants from the isle. We have given them our means and shown them the modus operandi of forming a republic. They have elected their president and are now ready to prove to the world that they are fit for self-government. Is not that enough? They complained of being oppressed with taxes that were pressing them to the earth. That oppression is now obliterated. They still seem to be dissatisfied. They now ask permission to dump their products upon us. Should you grant this, will they be satisfied. There is no reason to think they will be.

Again, why should we make any exception in favor of this country to the disadvantage of any other? This reduction that is asked for, if it did not cripple any of our established industries, would be a subject for reciprocity along the line suggested by the President in his

message to Congress; but it does interfere with them, and very seriously.

Lancaster County has had, and has now, an established industry in tobacco in which thousands of her sons are engaged. I stand here as one of those sons in defense of her rights and privileges. Our county is known all over the Union as the greatest agricultural county in the Union; and one of her greatest industries is the culture of tobacco. You can not find a farm that has not expended upon it from \$2,000 to \$8,000 for shedding for its cure. We can raise but one crop a year. We do it, and we live by it.

You now ask permission for this foreigner to come here with the same product, produced by coolie labor in the Tropics, in competition with us. Are these the sentiments we supported when we gave over 12,000 majority for the tariff bill founded by our lamented President and revised by the late Mr. Dingley, of Maine? We have for years voted to protect iron and wool, of which we produce but little, because we considered it right.

When, on a former occasion, we asked you to place a higher duty on Sumatra leaf you gave us a medium duty, and we were satisfied. Now, however, you ask us to support you in letting in this new foreigner, with his products, and we meet you at the threshold and enter our solemn protest against it.

Mr. GROSVENOR. You seem to go on the theory that the matter is already decided, and you are here raising a fuss about it.

Mr. HERR. Well, we are afraid it is [laughter], although we hope not.

During the civil war the chairman of this committee was our honored Representative, who not only honored us, but the State and the whole Union—the lamented Thaddeus Stevens. He taught us the principles of protection, and we honored the sentiments and the man. As I said before, we received very little benefit, but the country at large did, and we were satisfied. Finally we took up the tobacco industry, and we, too, in the course of time needed protection. During the lifetime of Mr. Stevens we asked for little; but if he were alive at this moment and were here, as I am, in defense of these resolutions, imagine, if you can, the contempt he would show toward the author of these free-trade resolutions. His very looks would have prostrated him. Would to God he were here now! We would ask no worthier defender, nor would we need any.

Again, is this not a Republican Congress? Have not these Republican members been elected on the avowed principles of the Dingley tariff bill? Are not these men true to the platforms upon which they have been elected? Why, then, should we fear? If the majority in Congress were believers in the principles adopted by the authors of the Wilson bill, there would be some cause to mourn. But as they are not, the growers of tobacco, numbered by the hundred thousand, scattered all over this great Union, have not given up hope, but they will turn their eyes toward this Congress, and exclaim, almost in the words of the lamented Garfield, "God reigns, and the Republican party, with its protective plank, still lives."

Mr. GROSVENOR. You do not indorse what the President and the Secretary of War say, then, do you?

Mr. HERR. I do, heartily. President Roosevelt says in his message that he is in favor of reciprocity if it does not conflict with anything at home; and so am I. [Laughter and applause.]

Mr. YOUNG. We will now ask permission to file briefs from Mr. Reeder, chairman of the Dayton organization (see Appendix, page 554), and also from Mr. Friedman, secretary of the Chicago, Ill., organization (see Appendix, page 557), both leaf tobacco boards of trade.

The CHAIRMAN. There is no objection to that.

Mr. YOUNG. With that we have finished. We desire to thank you for your attention, gentlemen.

(The committee thereupon adjourned until to-morrow, Wednesday, January 22, 1902, at 10 o'clock a. m.)

AGAINST RECIPROCITY—BEET-SUGAR INTERESTS.

COMMITTEE ON WAYS AND MEANS,
Wednesday, January 22, 1902.

The committee this day met at 10 a. m., pursuant to adjournment, Hon. Sereno E. Payne in the chair.

ADDITIONAL STATEMENT OF MR. PLACÉ.

(Favoring reciprocity.)

The CHAIRMAN. Mr. Louis V. Placé wants to be heard for five minutes this morning.

Mr. PLACÉ. Mr. Chairman and gentlemen, I want only your permission to read a cablegram I received from Matanzas yesterday.

[Cablegram.]

MATANZAS.

LOUIS PLACÉ,
Cuban Delegate, Washington, D. C.:

Crisis more serious every day, calling for immediate remedy. Most energetic endeavors necessary to save country imminent disaster. Anything preferable to such calamity.

BRA,
President Matanzas Board of Merchants.

I am not here as a sugar nor as a tobacco planter, but as a representative of Cuba asking for the establishment of conditions that once fully known will be as dear and as jealously advanced by the commercial interest of the United States as by all the interest of Cuba.

Mr. Chairman, what I stated to this honorable committee when I last had the privilege of being before you may have been misapprehended—misunderstood.

The question of reciprocal relations between the United States and Cuba is one which will come, in my humble judgment, by the inevitable process of nature.

In discussing it here I argued that free trade should exist between us; that every commercial barrier should be taken down between us. This is the position of Cuba in her earnest wish that the United States should command her markets to the exclusion of all other countries, and be received in the markets of this country on like conditions. But, Mr. Chairman, while this sentiment reflected the wish and judgment of the Cuban people toward you, we defer the whole question to your wish and your judgment.

We want what you will grant, asking no more advantage—not as

much as we are able under the process of development, with your cooperation, to concede to your producers and your markets; and so without suggestion as to limitation, we leave to you and your statesmanship the relations which shall prevail between ourselves.

The sovereignty is yours, over both alike, and your determination of this matter will be accepted by us as fully [freely] as it is by the American people themselves.

The CHAIRMAN. Now we will hear the beet-sugar people. I will say the committee has given this day to the interest of beet sugar, and I do not see how they can give any other time at a very early date if other gentlemen want to be heard on that subject, as things look to-day; so I would suggest they divide up the time among themselves, reminding them that what the committee desires most is facts, not arguments on protection, but facts.

STATEMENT OF MR. HENRY T. OXNARD,

Sugar manufacturer and president American Beet Sugar Association.

The CHAIRMAN. Give the reporter your name and business.

Mr. OXNARD. Henry T. Oxnard, of Oxnard, Cal., a sugar manufacturer.

MR. CHAIRMAN AND GENTLEMEN OF THE COMMITTEE: The beet-sugar producers of the United States, representing an industry of vast importance, feel that they are secure in appealing to you for the protection of an industry that has been brought into existence by the legislation of Congress, inviting capital to invest in an enterprise the value of which to the Republic can not be overestimated.

Under the American system of protection many industries have come into existence, but none that have in them more of promise and hope for the future than the production of sugar consumed by this country.

We have confidence in the maintenance of the policy and in the potential efficacy of the principle of protection of that which can be produced in this country. We do not fear any departure from that principle when all the facts that relate to the sugar industry are understood. One hundred and thirty millions of capital are now invested beyond recall in the production of domestic sugar, and this investment has been on the faith of repeated pledges and promises made by the legislative branch of the Government and sustained by the judiciary.

Our appeal to you is not only that you may safeguard the \$130,000,000 already invested, but that capital may have the incentive to erect, instead of the 40 beet-sugar factories now in existence, the 400 that will be required, with an investment of about \$300,000,000 needed to produce the 1,500,000 tons of sugar required for the purposes of the United States, in addition to what we already produce.

So far as the dominant political party is concerned, it can not afford and it certainly has no inclination to depart from the sound financial policy that when faithfully pursued has led to prosperity, and will escape that adverse principle that when enforced has brought ruin and disaster in its train.

We can safely plant ourselves on the proposition advanced by President Roosevelt at Minneapolis on September 2, 1901:

We must continue the policy that has been so brilliantly successful in the past and so shape our economic system as to give every advantage to the skill, energy, and intelligence of our farmers, merchants, manufacturers, and wage-earners.

The lamented Chief Executive made no departure from this admirable statement in the last speech of his life, made at Buffalo.

President McKinley never ceased to be a protectionist. He never for a moment wavered in his determination to safeguard every industry that could be established, so that the United States might produce everything of which it was capable. He said in that last appeal to his countrymen:

By sensible trade arrangements, which will not interrupt our home production we shall extend the outlays for our increasing surplus. We should take from our customers such of their products as we can use without harm to our own industries and labor.

There is in this language nothing that can be distorted to mean that he would strike a blow at any industry, particularly at one in which so much capital and labor had already been embarked and which had come to exist on the invitation and solicitation of the Government itself.

The strides made by the industry in the last ten years almost surpass belief. From producing practically no sugar from beets, we are now marketing sugar from factories in eleven States, forty in number, of which thirteen are in the State of Michigan, eight in California, three in Nebraska, three in Colorado, three in Utah, and the rest scattered throughout the States of Oregon, Wisconsin, Minnesota, New York, Ohio, and Washington. These factories for making sugar during the present season have produced upward of 150,000 tons of refined sugar. It is a safe estimate to say that they have paid out to the farmers who produced the beets something like \$7,000,000. The maintenance of these factories means the employment of labor to a very large extent, and an immense expenditure in structural iron and steel, building material, coal, oil, coke, limestone, bagging, transportation, and, in fact, these factories seem to touch every branch of labor and industry.

Stripped of sentimentality and all extraneous considerations, and reducing the Cuban demand for free or freer sugar to its simplest equation, it is this: Shall the United States, through its agriculturists, produce its raw sugar and in its factories, scattered from the Atlantic to the Pacific, refine its product, or shall it permit foreign lands to export to it the raw material and content itself simply with its refining? That is what I fear would eventually come to pass if you interfere in any way at the present time with the existing protection of home sugar. Capital is timid to a degree, and should Congress decide that Cuban sugar must be helped at the expense of American beet sugar, then it will at first hesitate and eventually turn its back upon the future further development of beet sugar and throw its full force into the tropical island which we have unduly favored and stimulated.

Cuba has had over a hundred years to develop and protect her great industry, and this in itself is an incalculable advantage. Sugar protection in Cuba to-day is firmly established and the chief industry of the island. Even our enemies must admit that beet sugar is at the very inception of its development in the United States.

In 1890, when I appeared for the first time before the Committee on Ways and Means, as the sole representative of the beet-sugar industry in the United States, I do not think that more than 2 per cent of the members of Congress believed that beet sugar could be produced on a commercial basis in the United States. To-day the proposition is reversed, and it is perfectly safe to say that by practical tests the Ameri-

can people as a whole are convinced that given a fair time, say ten years, without any change in the present policy of protection toward the industry, we will keep at home the vast amount which we have been sending for the last hundred years to foreign nations for an article of daily consumption.

The present condition of the beet-sugar industry to-day would seem to warrant the fact that it is on a sound basis, as we have developed it within the last ten years under most adverse conditions.

The first experimental factories had hardly been erected before a bounty was given, and while this bounty only lasted three years, it showed that the industry could not be developed on that basis, capital being afraid to embark in the business under those conditions. The Wilson bill was substituted for the bounty, and that failed to give adequate protection or sufficient inducement, and from the time of the passage of the bounty law in 1891 up to the passage of the Dingley bill in 1897, I do not think a single new beet-sugar factory was put in operation in the United States; but following the present tariff law, which was the result of most careful thought and consideration on the part of Mr. Dingley and his associates of the Ways and Means Committee, the industry has developed remarkably, and is now in a fair way, if let alone for the next ten years, to actually supply the million and a half tons which we lack to-day, and for which we send our money annually to foreign countries.

No one better than the American sugar trust realizes the possibilities of the production of beet sugar in this country, and they are to-day by the most desperate and questionable means using all their resources, regardless of the facts and decency, in trying to throttle in its infancy their only real competitor. Should they be successful in their efforts, the American people in the future will have to pay them tribute on every pound of sugar they consume.

The real question at issue, as I have said before, is this: Are we going to develop sugar at home through beet factories scattered over twenty States of the Union, or are we going to develop raw sugar in Cuba and hand it over to the sugar trust to refine and distribute at as large a profit as they can exact for themselves from the American people? It is, to use a slang expression, "up to Congress." Stand firmly by beet sugar for ten years and you will have firmly established an industry of incalculable benefit not only to American agriculture, but to the people of the United States at large.

It means the disbursement of something like three hundred million dollars in some four or five hundred factories, and an annual expenditure of something like one hundred and fifty million dollars, one hundred million of which would go for beets to the farmers of the United States and fifty million for supplies and labor in the factories. This would allow for some expansion of the home cane-sugar industry and still allow Cuba to sell us the larger part of her crop; and looking still further to the future, should Cuba some day in the distant future become annexed as part of this Union, I do not hesitate to say, bold as the statement may appear to be, that we would at that time be able to hold our own. Arguing from the principle that it would cost Cuba annexed much more to produce her sugar, and pointing to the case of the Hawaiian Islands as proof of this; and on the other side from the general principle that once an industry firmly established in the United States under American genius and American invention, the tendency

of prices will undoubtedly be downward, and pointing to American steel rails as proof of this, I think without any great stretch of the imagination we can safely say that the beet-sugar industry established throughout the United States will, when thoroughly established, be able to hold its own with our tropical possessions. Were I not firmly convinced in my own mind of this fact, no self-interest could bring me here to urge upon you to foster the American beet-sugar industry. We are laboring under serious disadvantages now.

Last fall we had a sample of the methods employed by the sugar trust. At the time when beet sugar commenced to be produced in the Missouri River territory they dropped the price of sugar more than a cent in a single day, making it a special price, and refusing to sell except in limited quantities. Their only object in doing this was to make the beet-sugar factories sell their sugar at a price way below the cost of production and to intimidate capital from further investment. In other words, to crush competition by lowering the price in one section of the country and keeping up the prices elsewhere. The price they made in the Missouri River territory was considerably lower for refined sugar than they were paying for their raws on the Atlantic coast, leaving them no margin for freight or refining, to say nothing of any profit; but they could afford to do this. As the territory comprised only 10 per cent of their sales, they were enabled to lose there and more than make it up in the other 90 per cent of their territory.

This scheme on their part was not entirely successful, as the beet-sugar factories refused to sell their sugars below the cost of production, and to-day are storing the bulk of their sugars, waiting until the trust will allow the market to resume its natural condition. The sugar trust always depresses the market of raw sugar whenever the Louisiana sugars come into the market, and at various times in the year they use their enormous capital and power to depress the raw markets of Cuba.

It seems right here pertinent to call attention to this fact. Why can not the Cuban sugar planters store their sugars until the markets of the world adjust themselves? Our beet factories are to-day storing the larger part of their output and requiring that much extra capital to carry on the business. We are suffering from low prices just as much as the Cubans, and the profits as a whole are no greater in the United States to-day than in Cuba.

I have heard the testimony from Mr. Atkins in which he stated that he had been working up to the present time and made a satisfactory profit on his investment in the past in Cuba. The American Beet Sugar Company, of which I am president, has only earned and paid 6 per cent on the actual capital invested. I would like to know from actual statements from his books what the profits have been on Mr. Atkins's plantation. It seems to me that when the Cuban planters come up here and ask for concessions and generosity on the part of the United States, making claim that their business can not be carried on at a profit, that they should be obliged to furnish the real figures of what their actual cost of production is, and give statements showing what their profits have been in the past, taken from their books.

The American beet-sugar factories are not only ready, but most anxious to have Congress appoint some suitable person or persons to investigate the actual cost of production, and substantiate the claims which we are making as to cost of production and profits, and request

that the same thing be done regarding Cuba, before any action is taken, to determine the necessity of granting aid.

From all the facts and figures which I have been able to obtain, I am firmly convinced that sugar can and will be produced in Cuba at an average cost of $1\frac{1}{2}$ cents a pound, in some instances as low as 1 cent; but my belief is that the average of the island will be nearly $1\frac{1}{2}$ cents.

I would like to quote here from an unprejudiced witness. The following article appears, written by the editor and proprietor of the leading sugar statistical paper of France. I will read what he says. Georges Dureau, in the *Journal de Fabricants de Sucre*, of December 18, 1901, says:

We figure that with properly constructed plants and intelligent technical control Cuba can produce sugar at $1\frac{1}{2}$ cents per pound. At present market prices for sugar, viz, 2 cents per pound (which, by the way, is a ruinous price for the large majority of European sugar producers), the Cuban planter would make a profit on this basis of 8 francs per bag of sugar (three-fourths cent per pound). Neither the North American beet-sugar industry nor the Louisiana sugar industry could possibly stand up against such competition. From this it will be seen that a reciprocity treaty with Cuba would surely result fatally for the United States. Mr. Roosevelt, in his message, favors reciprocity treaties in all such cases where there is no danger to be feared from competition which would be prejudicial to the economic interests of the United States.

In view of the above will it be possible to secure a majority vote to carry a measure which would result, as we have just shown, in destroying the sugar-cane and sugar-beet industries in the United States?

Notwithstanding the uncertainty which prevails on this question, sugar making is still forging ahead in the island, and it is stated that Cuba has in the fields this year, 1901, enough cane to produce 900,000 tons of sugar, but will probably not harvest over 840,000 tons; this is as against 638,000 tons last year, which represents an increase of 30 to 35 per cent. If Cuban sugar is to enjoy a reduction in the tariff in the United States it should not be difficult to picture the enormous impetus the Cuban industry would take on. Ought not the contemplation of these facts impress upon the sugar manufacturers of Europe the immediate necessity of studying at once the question of how and where to market their product in the future?

This is from an independent source; from an unprejudiced witness; from a writer fully competent to speak on the subject. It ought to carry great weight.

This writer ascertains that it costs only $1\frac{1}{2}$ cents a pound, under proper management, to make sugar in Cuba, which would give the planters there three-fourths of a cent a pound profit, even with sugar worth only 2 cents f. o. b. Cuba.

I wish also to emphasize the fact that Cuba to-day has from one-fourth to one-third cent a pound advantage in our markets as against all other foreign sugar from nations paying an export bounty, and they nearly all do. We countervail those bounties and that gives Cuba our market as against foreign sugars, so far as Cuba is able to supply our demand. Besides this, cane sugar in Cuba can be produced considerably cheaper than European beet sugar; in fact Cuba to-day can produce sugar cheaper than any nation or colony on the face of the globe.

The statement was made last week by those who favored the reduction of the duty on Cuban sugar that the cost of labor in Cuba was twice as great as that of Porto Rico and four times as great as that of Java, and that labor was extremely scarce throughout the entire island. The inference drawn is that anybody wishing to work could secure employment at highly remunerative wages, and it is evidence here that labor was all employed. Under these conditions we fail to see the great distress which has been pictured as existing in that island. The

argument was freely used that Cuba could not rapidly develop her sugar industry on account of the scarcity of labor there. Granting this to be the case, is there any reason to suppose that if we should at the present time by some favored legislation stimulate the advantages of producing sugar in Cuba, would it not be natural that they should employ the same methods which the Hawaiian Islands have in the past and which they would like to renew in the future, namely, the importation of countless numbers of Chinese coolie laborers?

There is nothing in their constitution that I know of which would restrict them from bringing in cargo after cargo of this semislave labor, and if, as I said before, the United States by her legislative action stimulates the advantages of developing the sugar industry in Cuba, will she not at the same time greatly stimulate the importation of cooly labor, so that in the future should Cuba apply for annexation, would we not be confronted with a population of Chinese, Japanese, and what not, equal to if not exceeding all other residents of that island? This is exactly what the Hawaiian islanders asked to be permitted to do within the last few months, and there is no doubt that Cuba will not hesitate to act on those lines in the future, as she has in the past, resorting to these tactics as soon as she becomes an independent nation.

If for raw sugar we should substitute wheat and instead of refined sugar substitute flour, the problem would be easy of solution, and the man would be considered an enemy of his country who would propose that other lands should grow the wheat needed for our use and this country content itself with the milling of the raw material.

The two propositions are identical in principle, for the United States has passed the experimental stage in the production of sugar and has demonstrated that it can readily produce every pound of the 2,250,000 tons that it now annually consumes.

The cost of producing beet sugar in the existing factories in the United States to-day varies tremendously, and the only way to arrive at any satisfactory conclusion is to take the averages. If this is done, we find that Michigan has produced sugar at about 4 cents. Taking the average of all the factories with which I have been connected in the past ten years, we will find that the cost is just about 4 cents, varying all the way from 3½ to nearly 6 cents in the different factories during different years.

Mr. SWANSON. That is the turned-out product.

Mr. OXNARD. That is finished granulated sugar, ready for the consumer.

Our company has two factories in California, two in Nebraska, and one in Colorado, and this ought to give a very fair average. We see individual factories varying from one year to another in a remarkable way, this variation being due to the quality of the material, the quantity worked, and the fluctuating cost of labor and materials in different years. You must not forget that this is a new industry and has not come down to its bearings, but when sugar has been produced for about 3 cents it is safe to say that some day the average of the United States will not only be brought to this, but probably under it. But, as I said before, the average cost of producing granulated beet sugar in the United States to-day, from all the facts and figures which I have been able to obtain, will bring that cost somewhere between 4 and 4½ cents without any interest on the capital invested, but including from

5 to 7 per cent for depreciation of plants, which is a very moderate reduction, and probably below the actual figures which ought to be applied.

Mr. STEELE. Mr. Oxnard, right there——

Mr. McCLELLAN. Let him finish his statement; it is very interesting.

Mr. STEELE. I would like to know how it is it costs only 1½ cents in Cuba and 4 cents in the United States?

Mr. OXNARD. I will explain that by and by, if you will let me, when I come to be cross-questioned. If it is agreeable, I would like to go through as much as I can of the argument before being questioned. This average is made up of the cost of production in all the factories estimating all the factories of the United States, which includes a range of from about 3 to 6 cents.

I will quote one particular instance to give an idea of the variation. In 1898 our factory at Norfolk, Nebr., worked under very favorable conditions as to the quality and quantity of the raw material, producing sugar at 3½ cents a pound. This same factory this year produced sugar at 4.29 cents per pound. This increased cost of production was due to three distinct facts: First, the material worked this year owing to the drought in Nebraska which hurt the corn crop so badly had its effect on the beet, and the quality of the material worked in the factory was not nearly as good as that worked in 1898. The second fact is that this year we paid an increase of about 25 per cent to our ordinary labor, and owing to the scarcity of skilled and technical labor due to the rapid development of the beet-sugar industry, the supply of this kind of labor was so far short of the demand that we had to increase the cost of skilled labor from 40 to 50 per cent of what it was in 1898, and in some instances much higher. This is one of the questions, as I have said before, which is bound to regulate itself as soon as the industry becomes firmly established. All these factors are incident to the development of a new industry. The third factor is that this year, notwithstanding the poor quality of the material—I mean the beets—it cost us at least 25 per cent more for our beets delivered at the factory than it did in 1898.

The sugar trust, through those connected with it, has had printed and scattered broadcast by the hundreds of thousands a circular issued by our bankers in 1899 and signed by Mr. Cutting and myself. The figures as stated in that circular are absolutely correct, and in the utmost good faith I can not see how I could have changed them with the lights before me at that time. They were based on certain facts and assumptions which were not realized in practice in the year or two succeeding, owing to various causes which would require too much time to enumerate in detail. Droughts in California, and in consequence not being able to get full runs, increased the delivered price of the raw sugar from 25 to 30 per cent; increased cost of production owing to an increase of about 25 per cent in ordinary labor and all the way from 40 to 100 per cent for skilled labor were the causes of the increased cost of production. Then, again, who could have foreseen that under free trade, taking the average of the years 1891, 1892, and 1893, the selling price of granulated sugar in the United States would be (over 4 cents) within a quarter of a cent of the actual selling price of granulated sugar to-day, with the Dingley rates of protection added.

In other words, sugar that was selling for about 4½ cents in those years under free trade is selling for the same price to-day, and if we

had free trade in sugars to-day the selling price of granulated sugar would be less than 2½ cents a pound. This is a condition which at that time appeared impossible, and yet it has come to pass. Overproduction in the world is undoubtedly responsible for the present crisis in sugar. Sugar is being sold to-day throughout the world below the cost of production. We know that this can not be permanent and that it is only a question of time when it must adjust itself, but in the meantime we are all suffering—Cubans, Americans, Europeans—everybody interested in the sugar industry, and I claim right here and now that it is unfair to legislate in a permanent way for a condition that can not be anything else than temporary, and I do not think that President Roosevelt, had he had all these facts before him, would have made the recommendations which he did in his annual message regarding Cuba.

Mr. Chairman, the more important question is the home problem. What shall we do more, if anything, but above all, what should we refrain from doing, to advance this great and promising industry to reap a complete success?

The Cuban proposition, coming not from one of our own colonies but from a foreign country, is one of the most vicious that could have been conceived at this particular time. This is a critical time to strike at this industry. You would paralyze its development and probably ruin it for all time, because those who now stand ready to invest would cease to have confidence in public men and existing legislation. Your committee is substantially asked to repeal, violate, or evade a principle and existing law.

I say this because I find in section 4 of the Dingley law certain provisions inimical to this Cuban scheme. In fact, unless Congress in both branches repeals those provisions, the Cuban free-trade scheme must fail. I refer to the legislative "reciprocity" clause. It provides that such treaties must be made within two years; it must be a completed transaction within that time, and even then was not to extend beyond five years. The reductions were not to exceed 20 per cent; power was given to transfer dutiable articles to the "free" list, but no product of a foreign country grown in the United States, and therefore competing, was to be placed on the "free" list.

Mr. Chairman, I should like to know why the home sugar industry should be singled out as a subject for tariff reduction at this time. It seems to me, apart from every other consideration, a most unusual procedure—one that does not appeal to my sense of fairness. After most careful consideration of the whole tariff question in the year 1897, having called for papers and facts from all parts of the world, you put in force the present tariff act as being just and equitable to all interests in this country. What has happened since that time to cause you to change your mind and policy? If the whole tariff question were to be taken up and treated on an equal basis, I could understand your action in calling us before you to-day, but, as I understand it, that is not the question at issue.

It is simply proposed to single out one or two industries and disconnect them from the general tariff link which formed a part of the chain which you forged, to the great benefit of the people of the United States, in the present Dingley bill. We are apparently at this time called up for sacrifice, and I want to enter in the most vigorous terms possible our protest at this apparently unfair discrimination, and can

not but believe that the justice of our contention may appeal to the American Congress when the actual time comes to practically deal with this question. If the tariff is to be reopened in favor of Cuba, let the whole tariff question be taken up. What is sauce for the goose ought to be sauce for the gander.

You are asked to reverse a well-settled policy as old as the Government itself, which placed a duty of 1 cent on cotton to encourage its development. You single out domestic sugar as a victim; you distinguish between it and silk and cotton, lumber, and other manufactures, some of which, like cotton goods and lumber, we have for export. You maintain a very liberal tariff on cotton goods, which indirectly aids those manufactures as to price in the home market, and thus tends to maintain, if not enhance, the price of raw cotton.

Our able Secretary of Agriculture has repeatedly stated that we can produce our own sugar; that we have the soil and the climate, and capital has recently taken hold of it in earnest. Why should we intimidate it? Why should we surround the industry with doubt and fear, that always result in hesitation and final refusal? It hesitated from 1891 to 1897, and it will do so again under like provocation. The Wilson tariff law, which was intended to give our home sugar industry a protection of one and two-tenths cents per pound, was reduced by the fall in value of sugar to eight-tenths and nine-tenths per pound, showing the inherent defect in the ad valorem system, which, because of the recent fall in values of sugar, is now applied and used against us by the agents and organs of the sugar trust in an effort to deceive the country and have it assume that we have abnormal protection, when we all know that the lower the value the higher the ad valorem.

The fact is that, according to their statistics, the equivalent ad valorem rate on sugars testing 89, 92, 94, and 96 for the years 1899-1900 was about 70 per cent ad valorem. The tactics of the sugar trust in this regard will be in order when the consumers of sugar complain of getting 20 and 22 pounds of refined sugar for \$1 as against only 12 pounds in 1889.

We are told by the brokers of the trust that we should make only raw sugar for the trust to refine. I quote an article from Willett & Gray, October 3, 1901:

Refined.—To-day a surprise awaited the trade in the western sections of the country when the quotations by the American Sugar Refining Company for granulated sugar were reduced to 3½ cents per pound delivered at points along the Missouri River, which at present is the largest market for the beet sugar produced in the Far West. This shows a reduction of over 1½ cents per pound. The notable feature of this movement is that the quotation of 3½ cents is on a level with the parity of raw beet sugars on the present basis of 3½ cents for cane centrifugal sugar.

In other words, it would seem that the refined-sugar interests of the country feel compelled to protect their interests to such an extent that the domestic beet-sugar industry may not make any larger profits on the making of refined than would come to them from the manufacture and sale of raw sugar. We have always taken the position that the manufacture of raw sugar for sale to refiners was the proper and legitimate business of the beet-sugar industry of the United States, this being the rule in Germany, the greatest beet-sugar producing country of the world. We have thus foreseen the natural result of an attempt on the part of the beet-sugar industry to force the refiners out of their business of such long standing by turning their product into refined sugars in competition with the refineries already established, who have no means of securing raw sugars by production, but are forced to buy them in the open market.

In other words, we should follow the tactics of the infamous German Kartell trust. We decline to do that.

Mr. Chairman, if the sugar trust should exist for a century this nation would be no better off for its existence. Not a town, village, nor a hamlet would be placed to its credit. It employs very little effort and that of the cheapest kind. It builds up nothing. Its object is destruction and annihilation. Its methods are vicious and corrupt. It never comes into the open, even when interested in a tariff rate, but its agents are always in evidence, secreting themselves behind the frailties of fortifications under high-sounding commercial names. It never hesitates in subsidizing whatever stands in its path, and uses the press freely for that purpose, spending vast sums of money in its efforts to destroy American beet sugar. It has made a hot and extensive campaign for free sugar from Cuba for the past six months on several lines. It has paid liberally for space in "patent insides" papers, and it has caught some of our protectionist friends. It has distributed a vast amount of literature of a deceptive character, but it has been indigestible.

Mr. Chairman, we have not had the money nor the inclination to meet this sort of a campaign. We have had too much confidence in those who have been sent here to help the people and safeguard the industries of the nation to believe that such efforts could prevail.

The man who says the sugar trust never profited from any tariff on sugar beyond 8 per cent; an institution that has piled up, time and again, large "surplus" profits beyond extra liberal dividends; which has paid 10 per cent on \$75,000,000, and hopes to pay it on \$90,000,000 of capital, \$60,000,000 or more of which is "water" or "good will," and all of which can be duplicated for \$30,000,000; the stockholders of which invest in Cuban sugar lands and factories, and send their agents here to pray for "free" sugar; an institution that has been sore ever since the Dingley bill passed, the president of which wants one-half cent per pound protection for simply refining foreign raw sugar, who in the next breath testifies that the tariff is the mother of trusts; who testified before the Industrial Commission that he would not give domestic sugar producers any protection whatever, and who has falsely stated that the domestic sugar producers wanted one-half cent a pound protection on refined with "free" raw sugar; who impudently insults the American people by saying that Congress will give the "trust" what it wants, and who testified before the Commission that "Cuba is a country that can supply the United States entirely with their sugar in three years," is a man who deserves to be rebuked and not favored.

This man is H. O. Havemeyer, president of the sugar trust, instigator in chief of all this Cuban free-sugar scheme, as shown by the remarkable request which the so-called Cuban delegation made to have raw sugars only admitted free from Cuba. The connection is too evident to require further comment. All the speculators and exploiters of Cuban sugar lands have been drawn into the fight on this side of the question, and should the whole proposition be thoroughly probed, a scandal of vast proportions would undoubtedly be revealed.

We will admit free of duty in 1902 or 1903 about 450,000 tons of sugar, which will approach one-fifth of our total consumption of 2,450,000 tons. If you add the Cuban crop in the next campaign, probably 1,000,000 tons, at reduced rates, you would be admitting free and at lower duty 1,450,000 tons or 60 per cent of our total consumption. It is said with pretended seriousness that there would be no advantage to the sugar trust in this. The trust would get the

lion's share of a reduction. First, because the Cuban, having practically no other purchaser or market, would have to accede to the demands of the trust. Second, its greater advantage would consist in its intimidation of capital, preventing the further development of domestic beet sugar. With that product fully developed, the trust's occupation would be gone. Third, the trust would have the power to depress prices on raw sugar, refusing the Cuban product except at its own price, or playing one nation against another.

That any organization having the power of the trust can raise and depress prices of sugars to some extent seems to have been the subject of inquiry by the Industrial Commission. Mr. J. H. Post, president of the National Sugar Refining Company, testified:

Q. It has frequently been asserted that the American Sugar Refining Company, by account of the large amount it buys, has been able to exert a steady influence toward depressing the price of raw sugars. I would like to know if, in your judgment, that tendency has been appreciable from the time the sugar trust was formed?

A. I think it must have been, from the large amount it uses.

This opinion is simply in line with the usual tactics in trade and the influence which any large purchaser of any commodity has in the markets of the world.

The Spanish and other planters and those exploiters in Cuba who have placed their money in sugar lands in that island rather than in the United States, as we have done, who will escape our taxation? They have made money from sugar for the past three years. Admitted so, and why should they not have done so? The Cuban planter paid from \$2 to \$2.25 per ton for cane, whereas we pay more than double that amount for beets, our raw material.

If there was nothing behind this proposition save the case which the Cuban delegation has attempted to make, we would rest here at present; but you have before you that part of the President's message relating to this subject, and the report of the Secretary of War, but, as I have said, we doubt whether those recommendations would have been made on fuller information.

It is sought to make Cuba an exception to the rule so rigidly applied to home industries by the late and the present Presidents. Why? Wherefore? It is said that we must leave Cuba no worse off than she was under Spain; that in driving Spain out of Cuba we have closed her markets, and that there is a necessity for and a moral obligation resting on the United States to give Cuba immediate prosperity. The reflecting and intelligent mind will be astonished at the first two propositions, because we all know that Cuba is infinitely better off than she was under Spanish tyranny and oppression. The intimation that this is not false official reports, Cuban admissions, and all the conditions, and is an insult to our Government and to every military officer on the island. Let me state what we have done, although its full results are not yet felt nor appreciated by the Spanish planters in Cuba.

Now, Mr. Chairman, here are about ten pages, and I will just skim it over and read extracts. The main things we have done for Cuba are, we have freed her from \$300,000,000 of debts owed to Spain, and it is pertinent to recall what else we have already done for Cuba. Early in 1899 we distributed among her people 5,493,500 rations and nearly \$3,000,000 in cash to enable them to resume their vocation. Did we do anything for the South from 1865 to 1870? Here are the things we have done for Cuba of all kinds. I have enumerated the different advantages we have given, the sanitation, the remission

of taxes—it is all in this. Would you like to have me read it now, or shall I pass it over and have it printed?

The CHAIRMAN. I think the members of the committee would like to hear it.

WHAT HAVE WE DONE FOR CUBA.

Mr. OXNARD (continuing). And it is pertinent to recall what we have already done for Cuba. We freed her of \$300,000,000 debt owed to Spain. Early in 1899 we distributed among her people 5,493,500 rations and nearly \$3,000,000 in cash to enable them to resume their vocations.

For Cuba we—

First. Reduced and finally abolished all export taxes on Cuban tobacco, which amounted—on raw tobacco to 1 cent a pound at 4 ports and to $2\frac{1}{8}$ cents per pound at other ports; on cigars to \$1.35 per 1,000, and on cigarettes to 90 cents per 1,000. (Total export duties 10 months of 1900, \$734,776).

Second. By Executive order July 25, 1899, the tonnage dues were abolished for a time, but this order was subsequently amended.

Third. We abolished the \$1 a ton landing charges December 13, 1898.

Fourth. Also all export taxes April 1, 1901. These amounted to over \$900,000 in 1900.

Fifth. All the registry fees for documenting foreign-built vessels.

Sixth. We reduced the Cuban duty on crude salt 60 per cent April 1, 1899.

Seventh. We carried building brick and undressed pine lumber to the free list April 7, 1899.

Eighth. We reduced the Cuban tariff on hats of yarey, not lined, 50 per cent April 25, 1899.

Ninth. We reduced the Cuban tariff on codfish 50 per cent May 25, 1899.

Tenth. We abolished the old Spanish surtaxes on woolen yarns mixed with silk, tissues, and embroidery June 4, 1899.

Eleventh. We reduced the Cuban duty on cordage oil over 65 per cent June 7, 1899.

Twelfth. We reduced the high Cuban duties on hats known as "jipijapa" 25 per cent June 21, 1899.

Thirteenth. For a year we allowed the free entry into Cuba of graded cows and bulls July 12, 1899.

Fourteenth. By Executive orders of August 10 and 31, 1899, we allowed beehives and beekeepers' supplies to enter Cuba free of duty.

Fifteenth. We placed school furniture entering Cuba on the free list December 2, 1899.

Sixteenth. We placed crude petroleum entering Cuba on the free list December 29, 1899.

Seventeenth. December 1, 1899, we placed posters, lithographs, calendars, etc., entering Cuba on the free list, and—

Eighteenth. We made a heavy reduction on manufactured iron entering Cuba for railway and other purposes.

Nineteenth. September 27, 1901, modifications to continue one year of the Cuban tariff promulgated March 31, 1900. The principal changes make a reduction of 50 per cent ad valorem in the duty on railway-

equipment stock; of 50 per cent on sugar-making machinery, and the cancellation of the special concession relating to Porto Rican coffee, coffee in the bean or ground, chicory roots and chicory, \$12.15 for 100 kilograms (220 pounds). This provision is the same as the existing tariff, except that it cancels the special concession heretofore granted to Porto Rican coffee of \$3.40 per 100 kilograms.

Twentieth. In 1890 we abolished the 10 and 3 per cent on passenger and freight rates, equal to over to \$300,000 per annum.

Twenty-first. General Brooke, March 25, 1899, abolished all municipal taxes known as "repartiments," also the 2-cent "consumption" tax on meat and all "consumption" taxes, such as those on food, fuel, coal, charcoal, and prohibited all municipal taxes on those articles. To show our party what the "repartiments" was we only need say that employees were required by Spain to pay 10 per cent to Cuba, while day laborers paid one-third of theirs to the municipality.

Twenty-second. Under the beneficent administration of the affairs of Cuba at the hands of Generals Brooke and Wood, the sanitary conditions of Habana, Santiago, and other places have been so materially improved that up to September 1, 1901, only two cases of yellow fever had occurred, a thing never known before.

Twenty-third. We have reestablished morality in the public treasury and done away with the ruinous system of loans and deficits, and all the budgets of the island are closed with a surplus which is deposited in the Treasury at Washington. We have simplified the administrative proceedings, retaining for Cuba the custom duties which are the most productive ones and the easiest to collect and have turned over to the municipalities the indirect ones, which will allow Cuba to sustain themselves in case the rules of economy are enforced. But over and above all, the United States have—

Twenty-fourth. Given liberty and independence to Cuba, with guaranties which extend all the assurance and protection necessary to persons and property. There will be no more ten, or even three, year wars, with consequent losses, unless the Cubans bring it upon themselves. We have done quite enough; all that is either necessary to restore prosperity to the island or that is fair to our own taxpayers and our home industries; all that is politically decent and morally honest toward our sugar producers in the States and in our new and pacified colonial possessions, Hawaii and Porto Rico.

Twenty-fifth. March 29, 1899, we abolished and greatly reduced others of the industrial taxes. A partial explanation of these industrial taxes may be gathered from a report made to General Fitzhugh Lee by Guillermo Dolz, civil governor of Pinar Del Rio, September 14, 1899. He said:

The industrial import or tax on manufactures and commerce as well as municipal surtaxes and collection taxes are hereby reduced to a single municipal tax.

(a) For industries included in the first list the rate was reduced 25 per cent.

(b) The taxes in the second list, comprising taxes on extra salaries, concert companies, newspaper companies, schools, and gymnasiums were abolished, and on others the reduction was 25 per cent.

(c) The taxes in the third list—except on liquors—were reduced 33½ per cent.

(d) The taxes in the fourth list were abolished.

(e) The taxes in the fifth list were reduced 50 per cent and all municipal surtaxes and collection taxes were abolished.

And, Mr. Chairman, what has resulted from all this? Peace and prosperity; a greatly rehabilitated country with railways built and building in every direction that ought to guarantee a larger population, greater production, and cheaper transportation. Our sanitary work alone is worth millions to Cuba. But we are not bound to support her. We are not bound to guarantee her planters' prices that the world's market do not warrant. We have put her on the right road with milestones to guide her to a great future. We can not afford to, nor are we obligated to guarantee her planters against every possible loss that may or may not accrue because of overproduction or anything else, and which does not flow from American occupation.

THE PLATT AMENDMENTS.

They tell us that the acceptance by Cuba of the "Platt amendments" obligated us.

Mr. Chairman, in the first place the acceptance of those amendments are no part of the Cuban constitution. They must first be formulated into a treaty, and that treaty must be ratified, and that has not been done and can not be until Cuba has a government of her own.

The "Platt amendments" instead of imposing an "obligation" upon us place Cuba under additional obligations to this Government. They burden the United States beyond all that has already been put upon them. For instance, by the first amendment Cuba agrees that she will refrain from entering into any treaty with any foreign power that might impair her independence or that might permit any such power to obtain any control over the island. That does not, however, embrace trade or reciprocity treaties, as some pretend to suppose. If it did, then Cuba may not enter into one with the United States.

Again, it has been understood by all nations for half a century or more that this Government would never permit a foreign power, on any pretext, to get control of Cuba, so that that amendment was unnecessary. At all events it is for Cuba's benefit.

The second amendment binds Cuba not to contract any debt that her ordinary revenues will not discharge. That is protective and also for Cuba's benefit.

By the third amendment a positive burden is laid upon the United States, to wit: That we shall, at all times, be bound to intervene to preserve not only Cuba's independence, but a government in the island adequate to the protection there of life, liberty, and property.

By the fourth amendment Cuba obligates herself to complete the system of sanitation inaugurated by this Government, which is of direct benefit to Cuba; indirectly only of some benefit to the United States.

By the seventh amendment, we are to have coal and naval stations in Cuba, but only upon lease or sale. We are to pay for the same and they will be of protective benefit to Cuba. The grant is for a consideration and is no more than has been accorded to us in other cases. So that instead of these amendments creating an obligation, the third or most material one places a heavy and continuous burden on the United States. Because of it, no nation on earth is better safeguarded and protected than Cuba. Locally, the lives, liberties, and property of her people are guaranteed by the first nation on earth, and as a nation Cuba is promised protection by treaty with us against other nations. Her independence against the whole world—the United States not excepted—is guaranteed. If such a gift by the United States as

that, in connection with all else given her is not sufficient, we hardly know what the exporters and sugar brokers of New York, the free traders, and the Spanish planters of Cuba regard as liberality. They certainly are unable to distinguish between an obligation and a burden.

If Cuba had secured her independence without our aid, there certainly would have been no obligation running from the United States to Cuba; why, then, should any obligation remain with aid rendered her, and after all we have done?

The Washington Post of September 25, 1901, well said:

To the argument that Cuba will starve unless we coddle her industries at the expense of our own, the obvious reply is that Cuba is already overwhelmingly in our debt. When, in April, 1898, the United States assumed the task of destroying the power of Spain in the West Indies, it was clamorously declared by the insurgents that they asked only for emancipation. Their country, so they explained, was fertile beyond words; they needed only the opportunity to labor for themselves, free from exacting and rapacious taskmasters. "Break our manacles," they cried, "and we will soon show you a paradise upon earth, a land flowing with milk and honey, an abode of happiness and peace beyond description." We broke the manacles, such as they were, spending millions of money and squandering hundreds of precious lives in the transaction, and now—more than three years afterwards—these same gentlemen tell us that unless we grant them further favors and again sacrifice our own domestic interests to theirs they will be bankrupt. It is not enough that we have driven out the Spaniards—we are to go on until the end of time with our policy of coddling and self-immolation.

We undertook to free Cuba in a political sense, and if the former insurgents represent the welfare and the aspirations of the Cuban people we have abundantly redeemed our pledges. We did not undertake, however, to feed, clothe, and house the insurgent leaders forever, to provide them with salaries and official positions, and finally, after withdrawing from the island, to inaugurate and maintain an economic status under which their power and emoluments would be secured to them in perpetuity.

The planters say the present price of sugars will not permit them to gather the crop of cane without loss. That is a disputed question, but, Mr. Chairman, suppose it were true. Thousands of our farmers have garnered many a crop at a loss when prices were low, and many have had to mortgage their farms to secure money to pay their taxes and to put in another crop. Did they come to Congress? Until about April or May, 1901, the Cuban planter had been receiving in Habana from 2½ to 2½ cents a pound for his centrifugal sugar, which gave him a margin of from 1 to 1½ cents a pound. Turning to conditions at home at intervals, we find that comparing the price of XX Ohio washed wool in 1893 with 1896 the decline in value was from 28½ to 18½ cents per pound, or 35 per cent. Did the Ohio farmers come to Congress for alms or direct financial relief? Cotton in 1890 was 11 cents a pound and in 1899 only 6 cents. Did the Southern planter come to Congress? And this has been the case with many products. Why, then, this demand for "immediate" relief from foreigners? Why all this zeal for any relief whatever?

Mr. Chairman, I have attempted, as briefly as I could, to lay the many aspects of this matter before you and to answer much that has appeared in the public press, but time has been too short for me to state our objections fully, and I throw myself upon the charity of the committee and thank it for its considerate attention.

THE CHAIRMAN. It was stated in the papers you and counsel for the Cubans made a sort of tentative agreement as to what course should be or ought to be adopted and you considered it should be by the way of a drawback.

MR. OXNARD. Shall I explain that?

THE CHAIRMAN. Certainly.

Mr. OXNARD. This is true; I never made any agreement whatever. Here was the position I took toward one of the representatives of the Cuban delegates: That Congress should thoroughly investigate this subject, and if, on full investigation, they found out that Cuba was making sugar at a loss and they wanted to be generous, the proper way to do it was to give a rebate and take it out of the whole people instead of one or two industries, and if Congress decided to do that there would be no objection from the beet-sugar people.

The CHAIRMAN. Would not a rebate of that kind amount to about the same thing as a reduction in the tariff practically?

Mr. OXNARD. No, sir.

The CHAIRMAN. What difference is there if we take off half a cent on the tariff, or whether we exact the full tariff and paid half a cent on sugar back per pound?

Mr. OXNARD. The difference is this: In one case you keep your tariff wall intact; you keep protection just where it is exactly, and we give back out of that tariff what we want to and the whole country pays it, whereas if we drop the tariff in percentage I do not believe that a small reduction of the tariff would reduce the price one penny to the consumer, but that a reduction would show that the tariff here was impaired and that capital would be favored rather in Cuba than in the United States. That is where I see the chief objection.

The CHAIRMAN. What do you call a small reduction?

Mr. OXNARD. Why, 10 to 20 per cent.

The CHAIRMAN. Would it reduce the price to the consumer?

Mr. OXNARD. I do not think it would reduce the price of sugar to the consumer, because you would have to go abroad to get such a large quantity of your raw material that the price of refined sugar would be fixed there, plus the duty.

The CHAIRMAN. What proportion would the owner of the Cuban sugar get of that 20 per cent reduction?

Mr. OXNARD. The owner of the factories? I do not think he would get any of it. I think it would be divided between the trust and commission merchants and mortgagees, but I do not believe the Cubans would get any benefit.

The CHAIRMAN. We are told that the price for the sugar of the world is made at Hamburg?

Mr. OXNARD. Yes, sir; it has been.

The CHAIRMAN. How could it be so; how do the sugar trust or the refiners regulate that?

Mr. OXNARD. In this way: Suppose there is an extra reduction given on the Cuban sugar, a certain percentage, say a fourth of a cent. The trust knows that Cuba has that much, and when the Cuban comes up to sell his sugar the trust says to him: "No; I will not buy your sugar unless you will divide up with me. Give me a certain per cent and I will only pay so much," knowing all the while that the Cuban can not go outside and get a better price for it. This is his best market; he has no other market.

The CHAIRMAN. But the refiner has to have the sugar; he will have to buy sugar, and if he does not get it from Cuba he has to buy it abroad?

Mr. OXNARD. He has to get it from the outside markets.

The CHAIRMAN. From European markets, would he not? He would have to go to the European markets for it.

Mr. OXNARD. Or Java, or some other market.

The CHAIRMAN. And pay the Hamburg price. There is no other adequate supply except the European market to take the place of Cuban sugar.

Mr. OXNARD. Yes; I admit all that, but the trust can hold off and the Cuban can not; he needs money. The trust does not have to buy, but he has to sell. There is a big difference between having to sell and not having to sell.

The CHAIRMAN. One has got to buy and the other has got to sell. There is a sort of competition now in refined sugar, is there not, between the Arbuckles and Havemeyer?

Mr. OXNARD. As far as I know the refiners are all united as against the beet-sugar industry. They want to stop that competition, every one of them, and I think there is a community of interest of all, possibly except Arbuckle.

The CHAIRMAN. It was alleged two years ago, when we had the Porto Rican tariff under consideration, you were the head and front of the beet-sugar trust?

Mr. OXNARD. Yes, sir.

The CHAIRMAN. Will you tell us about that?

Mr. OXNARD. There is no beet-sugar trust that I know of. I am president of the American Beet Sugar Company, which has four or five factories, and am president of the American Beet Sugar Association. There is no trust, there is no community of interests except as regards our protection in instances like this when we come together, but there is no union among ourselves for buying the raw material or selling, or producing sugar or anything of that kind, and none of the factories have any interest between one and the other that I know of, and I have no interest in any other factories except the five I mentioned.

The CHAIRMAN. In the American Beet Sugar Association how many separate companies are engaged in the manufacture and refining of beet sugar?

Mr. OXNARD. I should say about thirty.

The CHAIRMAN. Located in different States?

Mr. OXNARD. In eleven States.

The CHAIRMAN. In a statement made and signed by yourself and Mr. Cutting in 1899 about the cost of sugar, what did you put the cost of beet sugar in that statement?

Mr. OXNARD. Of producing beet sugar?

The CHAIRMAN. I think it was, I do not remember exactly, but you probably do.

Mr. OXNARD. Somewhere about 3 cents.

The CHAIRMAN. About how much?

Mr. OXNARD. About 3 cents; but I assumed, as I showed in my argument, I could work the beets for \$3 and I could buy my raw material for \$4, but as a matter of fact in practice it did not turn out that way. I showed that very clearly in my argument.

The CHAIRMAN. Where did you get your facts in 1899 from which you gave that?

Mr. OXNARD. From one or two factories where we had worked profitably through one special season for one year. I singled out certain factories to show possibilities under extremely favorable conditions.

The CHAIRMAN. Located where?

Mr. OXNARD. Located in Nebraska and California.

The CHAIRMAN. Your factories?

Mr. OXNARD. Yes, sir.

The CHAIRMAN. I suppose, of course, these factories do not pay the first year or two, or the first three years?

Mr. OXNARD. Generally they do not.

The CHAIRMAN. They hardly pay expenses, as a rule?

Mr. OXNARD. No, sir.

The CHAIRMAN. For the reason they can not get the beets owing to the difficulty of cultivation, etc.?

Mr. OXNARD. That is one reason, and another reason is no new factory starts off and works well without difficulty. You have difficulty with new machinery until it gets worn down, and the principal labor employed in those factories is not skilled in this work, and you have to educate them, as it were.

The CHAIRMAN. What are you paying for beets at the factories in California?

Mr. OXNARD. About \$5.20.

The CHAIRMAN. What amount in Colorado?

Mr. OXNARD. \$4.75; something like that.

The CHAIRMAN. And what in Michigan?

Mr. OXNARD. I do not know about Michigan. There are gentlemen here who will state in regard to that. I should say the price is about \$5.15 in Nebraska.

The CHAIRMAN. What percentage of saccharine matter is in the beets in California?

Mr. OXNARD. It varies tremendously. I can show you two factories only a hundred miles apart where this year one of them has as high a saccharine content as 16½ per cent and the other 13 per cent, and they are within a hundred miles of each other. The Chino factory has 13 per cent and the Oxnard factory has 16½ per cent.

The CHAIRMAN. Do you know what it will average in Michigan?

Mr. OXNARD. There are other gentlemen here who will follow me and give those facts.

The CHAIRMAN. Where there is 13 per cent of saccharine matter in the beets in your factory in California, what percentage of refined sugar do you get?

Mr. OXNARD. That varies considerably—all the way from 220 pounds up to 270 pounds.

The CHAIRMAN. Is that according to the efficiency of the machinery?

Mr. OXNARD. No, sir; according to the sugar which is originally in the beet, and also in the efficacy of the machinery. Let us see if I have not got some data on that which will settle that question right away. I will give you particular instances. At Chino this year, with the poor material in California, we got 220 pounds of sugar extraction.

Mr. NEWLANDS. From what?

Mr. OXNARD. From a ton of beets; 220 pounds to the ton of 2,000 pounds, of refined sugar; and at Oxnard, the other factory, where we had 16½ per cent of saccharine matter in the raw material, we got 263 pounds.

The CHAIRMAN. Now, are you able to say—

Mr. OXNARD (interrupting). I just as lief give the cost—4.11 for one and 5.18 for the other.

The CHAIRMAN. What is that?

Mr. OXNARD. The cost of production—4.11 in one instance and 5.15 in the other.

The CHAIRMAN. What is the average?

Mr. OXNARD. Four dollars and four cents.

The CHAIRMAN. That is this year; was it so large a percentage of cost in 1899?

Mr. OXNARD. As I said, it varies, because one year we paid a good deal more for raw material, upward of 35 per cent more; and the other factor is that we paid all the way from 25 to 100 per cent more for the skilled labor.

The CHAIRMAN. Do you make any use of the pulp?

Mr. OXNARD (continuing). And in one of the factories we only had a quarter of a run, and the expense goes on the same there during the idle season.

The CHAIRMAN. What factory is that?

Mr. OXNARD (continuing). That is the largest factor entering into it; that factory only ran a month or six weeks and was idle the rest of the time.

The CHAIRMAN. What is the reason, not having sufficient beets but for a quarter run?

Mr. OXNARD. We have been having droughts for a year or two, and that was one of the principal reasons that I know of. That same factory is promised this year 10,000 acres, and the farmers are practically satisfied.

The CHAIRMAN. How long has that factory been established?

Mr. OXNARD. About ten years. One of the chief troubles in 1901 was that we had an insect there which destroyed the crop about two years ago almost entirely, at least totally spoiled the crop, and the farmers got a little frightened about planting the beets.

The CHAIRMAN. Has the insect affected it this year?

Mr. OXNARD. No; it is gone now.

The CHAIRMAN. Do you make any use of the pulp?

Mr. OXNARD. We tried to sell the pulp, and we are selling it, and farmers are getting accustomed to using it principally for dairy cows and fattening cattle; but it is a slow process and we do not realize much revenue from that source.

The CHAIRMAN. Have you any arrangement for drying it?

Mr. OXNARD. Not yet.

The CHAIRMAN. I understand that there is such machinery.

Mr. OXNARD. We are looking into it but we can not do everything at once. This is a new industry and we are gradually adopting improved machinery.

The CHAIRMAN. Of course, any improvement of that kind would tend to reduce the cost of beet sugar in the future?

Mr. OXNARD. Absolutely. I have shown you where it costs an individual factory $3\frac{1}{4}$ cents a pound when the conditions were exactly right.

The CHAIRMAN. Do you make any use of the leaves of the beet?

Mr. OXNARD. No, sir.

The CHAIRMAN. Is not that being done in Germany?

Mr. OXNARD. We consider it better to leave them on the land as fertilizer; just cut them off and let them stay on the land, as they contain a good deal of potash salts.

The CHAIRMAN. Do they not dry them and use them in Germany for food?

Mr. OXNARD. Not the leaves, but the pulp—yes, the leaves, too, I am told.

Mr. SWANSON. In making an estimate of the cost, do you include the interest on capital?

Mr. OXNARD. No, sir; only the depreciation of plant.

Mr. SWANSON. You include that?

Mr. OXNARD. Yes, sir.

Mr. SWANSON. And no interest on the capital invested in the business?

Mr. OXNARD. No; and the cost is 4.04 in all our factories this year.

The CHAIRMAN. How about improvements in machinery; are they making improvements in machinery?

Mr. OXNARD. All the time, and you have to spend a good deal of money every year in keeping up your organization, and that is one of the costs which enter very largely in the cost of production.

The CHAIRMAN. At the same time such improvements ultimately result in economy?

Mr. OXNARD. Eventually; yes, it does.

The CHAIRMAN. Have the improvements in the last ten or twelve years, since you have been in the business, tended to reduce the cost of beet sugar?

Mr. OXNARD. I think without a doubt.

Mr. STEELE. What is the cost of a first-class beet-sugar factory ready to operate, including capital to operate it?

Mr. OXNARD. If you will tell me how sugar prices are going to go I will tell you how much capital it requires, but if you have to store sugar it means an enormous investment of capital to carry it. That is another factor which has entered largely into the increased cost of production. We have to carry beet sugar, and that means millions of dollars in money.

Mr. STEELE. Well, leave that item out.

Mr. OXNARD. I should say, in round figures, \$1,000 a ton for a factory of 1,000 tons, which is probably the most economical unit, and say between \$550,000 and \$600,000 for a 500-ton factory with all the best machinery.

Mr. STEELE. I see you say there is a hundred million of capital invested in this business?

Mr. OXNARD. To-day in the United States—I said \$30,000,000 in beet sugar. I said \$130,000,000 was invested in home sugar, and I was estimating Louisiana at a hundred million dollars; but I am told by Louisiana gentlemen that that is too low.

Mr. STEELE. How many millions do you say are invested in the beet-sugar industry?

Mr. OXNARD. I say \$30,000,000.

Mr. STEELE. I made a note at the time, but I misunderstood you.

Mr. OXNARD. I said \$130,000,000 in all in the sugar industries in the United States.

Mr. STEELE. A hundred million dollars in beet sugar?

Mr. OXNARD. No; a hundred million dollars in cane sugar and thirty million dollars in beet sugar.

Mr. SWANSON. Can the beet-sugar industry successfully compete with cane sugar produced in Cuba?

Mr. OXNARD. I will answer it in this way. In my opinion, if we are given time—this is a very important factor, and I lay stress on that—to develop the beet-sugar industry; a certain number of years, not less than ten, if we had to compete in a protected market with Cuban sugar that was manufactured under free-trade conditions and sold in a protected market we could not; but if Cuba were at that time

annexed and had all the conditions of labor and supplies that we would have to pay for, I suppose we could. To prove that I point to Germany. Sugar from Germany to-day can be imported, granulated sugar, at about 2 cents.

Mr. SWANSON. That is on account of bounties paid?

Mr. OXNARD. That is largely the cause, but I have seen figures stating that sugars could be produced in Europe without bounties for from 2 to 2½ cents.

Mr. SWANSON. Do you think the beet-sugar industry in Germany to-day, in a free market, without bounties, could compete with cane sugars in Cuba?

Mr. OXNARD. You mean to say under absolute free trade?

Mr. SWANSON. Absolute free trade, on a free-trade market, permitting the German beet sugar to come in a free market, and the Cuban cane sugar, could the German sugar compete with the cane sugar?

Mr. OXNARD. That is very hard to answer; it is impossible to answer; it is only guesswork. It would not surprise me if it could, because the prices of sugar in the entire civilized world have been brought down by beet sugar, of course with artificial stimulation and their very high taxes at home. They have a system of taxes by which you can not get a pound of foreign sugar in there. There is a 4-cent tariff, which is twice as high as this country. Germany taxes her home sugar and gives it back to the beet-sugar factories in order to help the agriculture of Germany.

Mr. SWANSON. Is not the industrial depression which has been produced in Germany on account of the artificial tampering of the beet-sugar industry in Germany to-day?

Mr. OXNARD. I do not think so. I do not believe that.

Mr. McCLELLAN. If the duty on raw sugar is reduced between Cuba and the United States, what will be the effect upon the price of refined sugar?

Mr. OXNARD. Will you state what reduction?

Mr. McCLELLAN. We will state first, free raw sugar.

Mr. OXNARD. It will be imperceptible.

Mr. McCLELLAN. Then how will you be injured by the price of refined sugar remaining the same?

Mr. OXNARD. I will tell you how. Because capital would go into Cuba and the Cuban industry would be artificially stimulated up to a point of producing what the United States would use, and filling the markets and driving us out as long as she was not annexed and could work under either semi-coolie or slave-labor conditions, and we had to pay a high price for labor. It is a fact that the whole cane-sugar industry of the world never thrives very well except with semi-slave labor. The history of it has been so, unless they worked under some sort of semi-servile coolie-labor conditions.

Mr. McCLELLAN. Then a reduction of less than that would affect the price still less?

Mr. OXNARD. I said I did not think it would affect it hardly any to the consumer; I do not believe it would.

Mr. McCLELLAN. Say there was a reduction of 50 per cent, would that practically have any effect?

Mr. OXNARD. Not to the consumer, in my opinion.

Mr. METCALF. Who will get the benefit, in your opinion?

Mr. OXNARD. In my opinion the sugar trust and the merchants who control these factories in Cuba who lend their money to do the work.

Mr. METCALF. We allowed Hawaiian sugar to come in free in 1876, did we not?

Mr. OXNARD. Yes, sir.

Mr. METCALF. Did that result in a reduction of the price to the consumer?

Mr. OXNARD. No.

Mr. METCALF. Who received the benefit?

Mr. OXNARD. The refiners and the Hawaiian planters, but exactly in what proportion they got it I do not know; but the consumer got absolutely no benefit of the reduction of raw sugar from the Hawaiian Islands.

Mr. METCALF. Now, how many factories are you directly interested in?

Mr. OXNARD. Five.

Mr. METCALF. You stated outside of the factories in which you are interested there are about thirty beet-sugar factories in the United States. Are you not mistaken; are there not about 39 or 42?

Mr. OXNARD. I stated about that.

Mr. McCLELLAN. But you are only a stockholder in five?

Mr. OXNARD. Yes, sir.

Mr. SWANSON. Right there, the consumer would get the benefit of the reduction if we would allow raw sugar to come in free and also reduce the differential on refined sugar so the trust could not charge and take to itself an increased benefit. That would be the proper way?

Mr. OXNARD. Speaking for myself, I would be perfectly willing to see the duties taken off of refined sugar—

The CHAIRMAN. What do you mean, the differential?

Mr. OXNARD. Yes.

Mr. SWANSON. As I understand, the sugar trust mostly buys raw cane sugar and refines it and makes granulated; it does not buy much raw beet sugar?

Mr. OXNARD. Here is all there is in it, and what the trust is getting. Here is what they are getting: Three-fourths of their raw sugar is cane sugar, and there is no refined cane sugar sent to the United States. There is refined beet sugar. Therefore, as we put a countervailing duty against the refined beet sugars, they will get the benefit of that countervailing duty to the extent of three-fourths of it (36 or 37 cents); the trust would get the benefit of three-fourths of 36, or 27 cents a hundred pounds, in addition to the 12½ they actually get on the differential. Now, you must take off about 8 cents from that for the extra tariff they pay on the raw sugar which they do not use, 105 pounds, which is required to make a hundred pounds of granulated. And if you want to know what protection the trust is actually getting, it is about three-tenths of a cent, in my opinion, to-day, under the Dingley bill, if they buy three-fourths cane raws and one-fourth beet raws; and we are willing to have that countervailing duty taken off the European refined.

Mr. SWANSON. If raw sugars are allowed to come, and the countervailing duty on refined sugar is kept as it is at present, the trust has practically a monopoly of refining cane sugar, and the greatest benefit would accrue to the trust under such a programme as that?

Mr. OXNARD. Of course, gentlemen, you see if we allow them to get free raw material from countries that do not send granulated sugars in—and only beet countries do that—we do away with a com-

petitor; and what they want to do is to get all their raw sugar from cane countries.

Mr. SWANSON. All these reciprocity treaties on sugar have been made with cane-producing countries and not with any countries which produce beet sugar?

Mr. OXNARD. Well, I can not answer that question; I do not know.

Mr. SWANSON. Jamaica and all the British possessions, British Guiana, and all the rest of the places where the reciprocity treaties have been made, they have been made mostly with the cane-sugar countries for the benefit of the trust, because these sugars have to be refined.

Mr. OXNARD. I will not say that; I do not know; but I would like to state that the West Indian islands belonging to England where sugar is grown, the sugar industry does not thrive there because their labor conditions are not such as Cuba. In other words, they are not under semislave conditions, and I believe that one of the greatest setbacks to the cane-sugar industry is when you take away from it the semiservile condition.

Mr. SWANSON. If we are going to trade away sugar and get reciprocity treaties for enlarging the American market, Germany is a better market for American manufactured goods than Cuba?

Mr. OXNARD. European countries, 60 to 1.

Mr. SWANSON. The people consume more?

Mr. OXNARD. As I say, look at the population, 60,000,000 to 1,000,000.

Mr. SWANSON. The people in a temperate climate like Germany buy more clothing, shoes, etc., than people in tropical countries like Cuba?

Mr. OXNARD. Certainly.

Mr. SWANSON. So, if sugar is to be used as a lever to enlarge our markets, you do not think that Cuba, Jamaica, and British Guiana are good countries for that purpose?

Mr. OXNARD. I certainly do not.

Mr. McCLELLAN. I have seen a statement made that all these companies you are interested in have been incorporated in New Jersey; is that the fact?

Mr. OXNARD. Yes, sir.

Mr. McCLELLAN. Now, there is another statement made the other day that you had a refinery which was absorbed by the American Sugar Refining Company. Do you still reserve any interest in the American Sugar Refining Company?

Mr. OXNARD. I do not own a dollar's worth of interest in it.

Mr. McCLELLAN. And have no contract with it even?

Mr. OXNARD. None whatsoever.

Mr. NEWLANDS. I understood you to say that the sugar trust does not refine any beet sugar that is produced in this country; I mean raw beet sugar?

Mr. OXNARD. Except where they own factories themselves, which they do in Watsonville and Sprecklesville; I understand they have an interest there.

Mr. NEWLANDS. I understood you to say that each sugar factory refines its own sugar and these beet-sugar factories are really competitors of the trust in refined sugars?

Mr. OXNARD. Absolutely, and the only real competitor they have.

Mr. NEWLANDS. Now, assuming that the duty is reduced upon cane sugar, the effect of that will be to increase the business of the sugar trust in refining sugar, will it not?

Mr. OXNARD. If you reduce the duty on cane sugar, yes, because it would stop the production of beet sugar to that extent.

Mr. NEWLANDS. Then would the sugar trust have any competitor in the country?

Mr. OXNARD. As I say, I believe that Arbuckle is the only competitor that they have, and I believe they will get him.

Mr. NEWLANDS. Then you regard the existence of these beet-sugar factories and their production of refined sugar as having a tendency to reduce the charges of the sugar trust for refined sugar?

Mr. OXNARD. Undoubtedly; and wherever they come into competition with the beet sugar at that time of the year they immediately lower the price. In this Industrial Commission, Mr. Havemeyer made the statement when he was asked who controlled the price of sugar in this country, that he did.

Mr. NEWLANDS. I understand the sugar trust charges about 1 cent a pound for refining sugar, does it not?

Mr. OXNARD. You mean it costs them 1 cent?

Mr. NEWLANDS. No; it charges 1 cent.

Mr. OXNARD. You mean the differential which they make for it. At different times—I have not the exact figures here—it is upward of a cent and a quarter and down to a considerably lower point at certain times when they are in competition.

Mr. NEWLANDS. What is the cost of refining that sugar?

Mr. OXNARD. You mean the actual cost of putting it all through the refinery regardless of the tariff and anything else, taking a given number of pounds of raw sugar and working it out through the refinery? I can only say what I think, and that is that in their best factories they can do it as low as three-tenths of a cent and in other factories it is possibly as high as half a cent. It may vary somewhat out on the Pacific coast. You understand that this does not take into consideration the loss they make on the extra number of pounds of waste, but all their competitors have to take those losses into consideration, too.

The CHAIRMAN. How is that?

Mr. OXNARD. It takes 105 or 106 pounds to make 100 pounds of refined sugar. They pay a tariff on the loss——

The CHAIRMAN. You mean the waste?

Mr. OXNARD. They pay tariff on the waste, and you have to deduct that from their protection. The more cane sugar the trust can get into the factories to refine the higher their profit on account of the countervailing duty against the beet refined sugar.

The CHAIRMAN. One of the witnesses before the Industrial Commission put the same margin of cost at sixty-three one-hundredths of a cent. Do you think that about right, including waste, labor, and everything?

Mr. OXNARD. Between fifty and sixty one-hundredths, including waste, because they have to bring 5 or 6 pounds in that they do not get anything out of.

The CHAIRMAN. That is, 96-degree sugar, and 4 per cent of that is in waste, 1 or 2 pounds they can not refine——

Mr. OXNARD. They have to pay for it.

The CHAIRMAN. That goes into molasses, except the pound or two they can not get anything out of?

Mr. OXNARD. Well, somewhere about a half a cent covers it; it varies according to the factory.

Mr. NEWLANDS. You have spoken about the conditions of labor in Cuba as differing from the conditions of labor here?

Mr. OXNARD. Oh, absolutely.

Mr. NEWLANDS. Do you not understand that the wages there now are as high as they are in this country in all occupations relating to the production of sugar?

Mr. OXNARD. No; I do not think so, if we talk about field hands; and another thing is we can not get labor for \$20 or \$22 as they state it—we can not get labor at that price. Our labor in California costs, when we need it, principally when we harvest the crop and when we thin it out as it is called, we have to pay as high as \$2 a day for labor for farm hands, and during the season we pay them from \$25 to \$30 and their board; so if they pay \$22, which I do not admit, for from a statement which I have seen I believe the cost of labor is somewhat less than that in Cuba, but I do not know how much.

Mr. NEWLANDS. If the production of sugar and the supply of labor is not equal to present requirements, will not the increased production there have a tendency to raise the cost of labor there equal to the cost of labor here?

Mr. OXNARD. Yes; undoubtedly I think that is true.

Mr. NEWLANDS. How will they supply that labor?

Mr. OXNARD. I have pointed to the Hawaiian islands, and how they have been getting people. When they were under the Spanish tyranny, as it were, they did not get many laborers from coolie-labor countries; but one reason was they had plenty of labor in the islands at that time, and I pointed to the fact that as soon as there is necessity for labor in the island that they will not hesitate to bring them in in large quantities, as they did twenty or twenty-five years ago from China.

Mr. NEWLANDS. At one time they did import Chinese labor?

Mr. OXNARD. Yes, sir. They were sold just as slaves. They made contracts with those Chinese laborers for eight years, and when they came in the island you would see a slave selling—this was in the seventies—you would see a slave sold for \$1,000 or \$1,200, and a Chinaman who only had eight years to work would sell at from \$300 to \$350.

Mr. NEWLANDS. Then your contention is, if a reciprocal arrangement is made with Cuba, the labor of this country will eventually be competing with Chinese labor in Cuba?

Mr. OXNARD. Yes, sir.

Mr. NEWLANDS. Now, you said if Cuba is annexed to this country and brought inside of our tariff wall and free trade prevailed, of course—

Mr. OXNARD. Exactly.

Mr. NEWLANDS (continuing). Between all the States of this Union and Cuba that those conditions would be such that the beet-sugar interests of this country could compete with the production in Cuba. On what do you base that? Do you base that on the assumption that American wages will prevail there?

Mr. OXNARD. Exactly.

Mr. NEWLANDS. And also the cost of materials and supplies will be the cost in a protected market instead of in a free-trade-market?

Mr. OXNARD. That is my position exactly, and I pointed to the case of Hawaii, which, by practical test, greatly increased the cost of producing sugar under annexation. I will let the gentleman from Hawaii tell you exactly what it is, but there has been a tremendous increase in the cost since it has been making sugar in a protected market.

Mr. SWANSON. You would prefer having free trade with Cuba than an immense reduction in the tariff. I understood you prefer having Cuba annexed and have free trade as it is between the States of the Union than to have an immense reduction in the tariff?

Mr. OXNARD. I do not hesitate a minute on that point, not one.

Mr. McCLELLAN. Is the price of beet sugar, cost and price, taken into consideration the same through all the beet-raising States?

Mr. OXNARD. No; it varies.

Mr. McCLELLAN. On the cost of the production?

Mr. OXNARD. No; it varies because the price is fixed by the wholesale grocers, and they are fixed by the trust, and the trust controls the price, but when the beet sugar comes into the market at that time the trust meets competition in order not to be put out of the market, so then the consumer is benefited.

Mr. RICHARDSON. In this official statement, which you admit was signed by yourself and Mr. Cutting—you admit this statement is signed by yourself?

Mr. OXNARD. Yes, sir.

Mr. RICHARDSON. You say: "Our figures"—

Mr. OXNARD. But I do not admit what appeared in the Evening Post to be mine, because it was garbled. I do not know what you are reading from. There was a letter written by the bankers, and I do not admit everything in it—there were inaccuracies, and this is one. They made this kind of a statement: They argued that if sugar was selling at 4 cents, and then it sold for 3 cents, and you could make a profit at 4 cents by reducing the price to 3 cents, or 1 cent a pound, your profit would be reduced 25 per cent—assuming 3 cents was three-fourths of 4 cents, you could make three-fourths as much as at the price of 4 cents. That is absurd; and those are some of the inaccuracies. At 3 cents we would make nothing, of course.

Mr. RICHARDSON. What about this statement:

Our figures based on averages in our factories located in California and Nebraska show that \$2.50 per ton covers the actual expenses of manufacturing sugar, and in the new factory, which is three times as large as the Chino factory, we expect to reduce the cost below \$2.

Mr. OXNARD. Well, gentlemen, those figures were assumed. You must not take assumptions against facts. That is my answer to that question.

Mr. RICHARDSON. Those were the calculations at that time?

Mr. OXNARD. As they showed on paper and showed on the figures.

Mr. RICHARDSON. I understood you to say that the sugar trust, Mr. Hameyer, instigated this whole fight for the reduction of tariff duties?

Mr. OXNARD. I said that the reason I believe that to be true was because they asked for free raw sugar—

Mr. RICHARDSON. You said that—

Mr. OXNARD (continuing). When they did not ask for any reduction on refined sugar, and I said that any average man would think that that was asked in the interest of the trust. They started this thing—

Mr. RICHARDSON. When did they start this thing?

Mr. OXNARD. It first came out in Willett and Gray's in August, when they suddenly began a propaganda, and prior to that in July at the trans-Mississippi congress in session at Colorado. Mr. Thurber came out there and tried to have a free-sugar platform put in, but it was

voted down and declined, so I believe they started long ago to get free raw Cuban sugar.

Mr. RICHARDSON. He is the gentleman engaged in export business?

Mr. OXNARD. Yes, sir.

Mr. Richardson (reading): In the case of Cuba, however, there are weighty reasons of morality and of national interests where the policy should be held to have a peculiar application, and I most earnestly ask your attention to the wisdom, indeed, to the people's needs of providing a substantial reduction in tariff on Cuban imports into the United States. Cuba has in her constitution affirmed what we desired, that she should stand in international matters in closer and most friendly relations with us than with any other power; and we are bound by every consideration of honor and expediency to pass commercial measures in the interest of her material well being.

That is an extract from President Roosevelt's message. Do you believe the sugar trust or Mr. Havemeyer instigated such a matter as this part of the message?

Mr. OXNARD. Not for a minute.

Mr. GROSVENOR. I denounce such a proceeding as that; that is not a fair question.

Mr. RICHARDSON. Your denunciation does not amount to anything.

Mr. GROSVENOR. I make the point of order on that.

Mr. RICHARDSON. I submit the witness has stated this whole appeal for reduction of tariff duty was instigated by the sugar trust; now I ask if it instigated that part of the message, and I submit it is in order.

Mr. GROSVENOR. I say it is not, and I further say it is a plain effort to get the witness to make an attack upon the President.

Mr. RICHARDSON. That is not true.

Mr. GROSVENOR. That is what it amounts to.

Mr. RICHARDSON. I say it is not true.

The CHAIRMAN. Well, the witness has answered the question.

Mr. OXNARD. I want to say this, that in my argument I stated that if the President had had all the facts before him when he wrote his message that he now has, he would not, in my opinion, have written his message that way.

Mr. RICHARDSON. He was ignorant then?

Mr. LONG. You take the position, then, that he and the Secretary of War were ignorant of the situation?

Mr. OXNARD. I say I do not think the President would want to do anything to help the trust.

Mr. LONG. The Secretary of War did not understand the situation, then, when he made the recommendation?

Mr. OXNARD. I do not think he did.

Mr. LONG. One other question. I believe you stated the admission of sugar free of duty from Cuba would not affect the price of sugar in this country, in your judgment?

Mr. OXNARD. I do not think it would; not to-day, mind you; but it might in the future.

Mr. LONG. And the remission or reduction of 50 per cent on the duty on sugar from Cuba would not affect the price?

Mr. OXNARD. That is a very hard question to answer in detail, only in generalities I do not think it would.

Mr. LONG. In what way would the beet-sugar industry in this country be affected?

Mr. OXNARD. I would repeat my statement that it would be hurt in this way: It would stimulate the production of sugar in Cuba to the

point of bringing down the cost of production to a point where the beet sugar could not compete with Cuba unannexed, if there is such a word.

Mr. LONG. Then the danger to the beet-sugar interests in this country are not immediate, but they are in the future?

Mr. OXNARD. Immediate. I believe on the passage of any reduction whatever you would stop the development of any new factories going up.

Mr. LONG. How many factories were in existence when the Dingley law was passed?

Mr. OXNARD. About seven or eight.

Mr. LONG. And there are now how many?

Mr. OXNARD. Forty.

Mr. LONG. How many were built in the year 1901?

Mr. OXNARD. About eight.

Mr. LONG. How many are in process of building now?

Mr. OXNARD. How do you mean in process; to what extent?

Mr. LONG. Projected and contemplated.

Mr. OXNARD. There may be fifty projected, where they have formed an organization.

Mr. LONG. And contracts let?

Mr. OXNARD. There are fifty projected, I am told.

Mr. LONG. And contracts let for the building of those factories?

Mr. OXNARD. Oh, no; they are waiting for that.

Mr. LONG. They are waiting?

Mr. OXNARD. Yes, sir.

Mr. LONG. Do you think the present low price of sugar in the world and the large amount of sugar in Europe will have any effect upon the building of these factories, independent of whatever we might do with this Cuban question?

Mr. OXNARD. That is a hard question to answer. I do not believe it would, because I think anybody who was going into this business would know that the overproduction could not last; that it is a temporary matter, and that sugar was produced below the cost of production.

Mr. LONG. Do you think it is possible the beet-sugar interests of this country could compete with the bounty beet-sugar producers of Europe under the present conditions?

Mr. OXNARD. With a countervailing duty for the bounties under the present tariff, if you ask that question, I believe we can.

Mr. LONG. You can compete with the beet sugar in Europe, but not with cane sugar from Cuba?

Mr. OXNARD. We can not with cane sugar from Cuba under the present conditions to-day; that is, if we take the tariff off. I am speaking of beet sugar with the tariff on.

Mr. LONG. You have seen the census bulletin, have you not, on beet sugar?

Mr. OXNARD. Yes, sir.

Mr. LONG. Issued in 1900?

Mr. OXNARD. Yes, sir; I have not looked at it carefully, and I do not remember all that was in it.

Mr. LONG. What have you to say in regard to the statement in that bulletin as to the price paid by the beet-sugar manufacturers for beets per ton?

Mr. OXNARD. What prices were stated, if I may ask?

Mr. LONG. Well, I want to know.

Mr. OXNARD. I do not remember exactly what prices they gave.

Mr. LONG. I believe they stated that the average price in the States was \$4.39 a ton.

Mr. OXNARD. I believe it was right.

Mr. LONG. I believe that included New York State at \$5 per ton.

Mr. OXNARD. I made the absolute statement we paid over \$5 for our beets this year; so that would not apply to our factories this year; and I understand Michigan pays over \$5.

Mr. LONG. So the statement in the Bulletin as to the payments of 1900 would not apply to payments made in 1901?

Mr. OXNARD. Not at all, and the figures of this year would not apply to next year; it varies.

Mr. LONG. These statements were obtained from the beet-sugar manufacturers, and, I presume, by a Government agent?

Mr. OXNARD. I believe so.

Mr. McCLELLAN. I have just got two questions; in this statement of yours—

Mr. LONG. There is one other question. If Congress in its wisdom should decide to make a reduction or concession on Cuban sugar, in your judgment should that reduction be made on refined sugar as well as on raw sugar?

Mr. OXNARD. Absolutely.

Mr. SWANSON. And on refined sugars imported from other countries, too, I understood you?

Mr. OXNARD. Speaking for myself—for my companies—I would not object to have the differential duty taken off on refined sugar from all countries.

Mr. LONG. I do not want him to confuse my question with yours. If we make a reduction on Cuban sugars do you think the reduction should be made on all sugars from Cuba?

Mr. OXNARD. Yes, without a doubt; but it would not have any material effect, because they do not refine cane sugars directly.

Mr. NEWLANDS. I understand they can not refine there because coal and other things used in the sugar refineries are very dear. Is that so?

Mr. OXNARD. I believe I have heard that stated; but what might happen is, they might make some refined sugar in the factories which might come into consumption in the United States, just as Louisiana does.

The CHAIRMAN. There is plenty of coal in Alabama.

Mr. OXNARD. I think so; but they do not use a pound of coal on the Cuban plantations; they use bagasse; the coal bill is nothing. Mr. Atkins said his coal bill was only \$25.

The CHAIRMAN. What do they use?

Mr. OXNARD. Bagasse. After extracting the sugar from the cane the refuse is taken for fuel, and it is used as coal on those plantations, so the coal bills would not amount to anything.

The CHAIRMAN. Would it have sufficient heat for that?

Mr. OXNARD. They do it continually.

The CHAIRMAN. They do refine in Louisiana. Of course if we take off enough duty to enable them to refine sugar, that would furnish a new occupation in Cuba and add as much to the wealth of Cuba as it would be to relieve the sugar grower if we made a condition where they could refine sugar there?

Mr. OXNARD. I think it would help them; yes.

Mr. SWANSON. While on this subject, I understand the position you take is, if you simply let in raw sugar from Cuba and do not change the differential on refined sugar from the rest of the world, the consumer will not get any benefit from it; the sugar trust could fix the price of the refined sugar in this country?

Mr. OXNARD. Yes, of course.

Mr. McCLELLAN. In this statement, published in the Evening Post, you are quoted as saying:

There is, however, no fear that Cuban production, even under annexation to the United States, can in our day expand to the point where the United States would become exporters of sugar instead of importers, and hence that protection would no longer protect.

Do you still believe that, or have you been quoted incorrectly?

Mr. OXNARD. I never saw an industry recuperate as Cuba did in three years. I took my lesson from the South and I saw how long it took them to recuperate, and it shows what wonderful vitality the sugar interest of Cuba has to-day when the sugar-planting industry in three years comes practically to its highest crop.

Mr. McCLELLAN. Willett and Gray have figured out the protection given to that industry is about 94 per cent. Is that a fact?

Mr. OXNARD. That is the ad valorem protection.

Mr. McCLELLAN. I quote from the Times here.

Mr. OXNARD. Ad valorem when sugars are low does not protect at the time when you want protection, and of course when sugars have fallen throughout the world so much I should not be surprised but what those figures were right in that connection.

Mr. METCALF. I started to ask you a question a while ago. Will you give me the number of acres of land now in cultivation with the sugar beet in California?

Mr. OXNARD. I am going to ask my brother a minute—

Mr. METCALF. Is he going to make a statement later on?

Mr. OXNARD. Yes, sir; and he will answer, but roughly I should think it is about 80,000 acres.

The CHAIRMAN. I think we had better take a recess until half past 1 to-day, as quite a number of gentlemen would like to be heard.

Thereupon the committee took a recess until 1.30 p. m.

AFTER RECESS.

At 1.30 o'clock p. m. the committee resumed its session.

STATEMENT OF MR. HERBERT MYRICK, OF SPRINGFIELD, MASS.,

Chairman of the League of Domestic Producers.

Mr. MYRICK. Mr. Chairman, I wish to occupy five minutes in making five points in favor of the farmers who actually grow beets and sugar cane, who produce tobacco and wool, and cotton, and rice, and fruits and vegetables—the actual producers of these crops.

These gentlemen, I should say, are associated in the League of Domestic Producers, of which I have the honor to be chairman, and which league represents between 2,000,000 and 3,000,000 farmers allied with it.

First, we wish a continuance or protection against tropical competition. If our protection is removed, then take away the protection from other interests; do not put us on the free list and expect us to vote protection for the other fellow. We farmers are a unit with the dealers in our products, and with the manufacturers of sugar and cigars and other products from our produce, in this demand. And the labor in these industries is also a unit with us, as you saw yesterday; for instance, in the case of tobacco.

We submit herewith the evidence of Mr. Havemeyer, that the sugar trust wants to increase its own subjection while subjecting us to tropical competition.

Cuba is recovering from the ravages of war more rapidly than any nation ever did. Work at good wages exists and exceeds the supply of people willing to labor. The tobacco industry is recovering its old-time proportion and is rapidly increasing and is very prosperous. Cuba is producing sugar more cheaply than any other region. Her plantations and sugar mills are being rapidly restored and, without tariff concessions from this country, the Cuban sugar industry is more profitable than our domestic sugar industry. Thanks to the unexampled humanitarianism of the United States Cuba's future is brilliant with promise. All this appears from the testimony of Cubans and official documents which I propose to file with these brief remarks. An attempt to show the contrary is largely due to the sugar trust and the Cuban tobacco trust; that seek great favors for themselves at the expense of domestic producers. These pretensions have collapsed, absolutely collapsed, in the hearings before this committee—but not until they had imposed upon the President. Now that the truth is known, both parties, the administration and the public, will agree that self-help is all the help that Cuba now needs for her best regeneration.

The reduction in duties on products from the Philippines that would compete with domestic producers should likewise be restricted. A statistical exhibit with references and explanatory notes to substantiate the statements I have made will be submitted herewith.

Mr. McCLELLAN. What would be the effect of absolute free trade with Cuba?

Mr. MYRICK. At the present time?

Mr. McCLELLAN. Yes. You say you do not want to be sacrificed alone. Suppose all the industries were put on the same basis, with absolute free trade with Cuba?

Mr. MYRICK. If you had absolute free trade with Cuba only, you at once subject the domestic producer of tobacco and cigars and fruits and vegetables to Cuban and tropical competition, and you do not give us any advantage on the other side in buying our supplies in the open market.

Mr. McCLELLAN. And you object to being put on the same basis with others; you object equally to that as you do to a reduction only?

Mr. MYRICK. Yes, sir; but if you have free trade with the world we will stand up to it.

(Mr. Myrick presents the following as stated above.)

CONFIRMATORY OF THE ABOVE.

The League of Domestic Producers, while affiliating with the Patrons of Husbandry, Farmers' Alliance, Patrons of Industry, and other

agricultural organizations, also with the Cigar Makers' International Union of America and other labor organizations, is specifically a coalition of the Citrus Growers' Tariff Association, representing the combined horticultural interest of the Southwest and Pacific coast; the New England and other tobacco growers' associations; the Texas and other wool growers' associations; the American Beet Sugar Association; the Savannah River Rice Planters' Association, with which the Louisiana rice interest is now cooperating; Nebraska Sugar Beet Growers' Association; Florida Agricultural Society, a combination of the tobacco, orange, lemon, pineapple, and sugar interests of Florida; the American Cane Growers' Association; Michigan Beet Sugar Association; National Cigar Leaf Tobacco Association; New York State Tobacco Growers' Association; Indiana Wool Growers' Association, etc.

THE SUGAR TRUST'S CRY FOR PROTECTION.

[Industrial Commission hearing, held at Washington June 14, 1899.—Testimony of Henry O. Havemeyer, president American Sugar Refining Company, printed in Volume I (Testimony), Report Industrial Commission, 1900.]

Page 113:

Cuba is a country that can supply the United States entirely with their sugar in three years, and it is a great pity we do not have it and have sugar at 2 cents a pound instead of 5, which we are paying now. That is, if we could have raw sugar coming in from Cuba free, without tariff, we could sell it at 3 and have the raw at 2; it would have to be refined.

EFFECT OF REMOVING THE TARIFF.

Page 115:

Q. Suppose the tariff on refined sugar, the differential, should be removed, what would be the effect?

A. It would kill the sugar industry.

Q. You think if this differential were removed—

A. It would inflict a terrible and infamous wrong upon 100,000 people dependent upon it. It is merely truckling to a miserable clamor—a bugaboo—this babble about trusts.

Q. Will you be a little more specific as to the way in which it would affect them?

A. It would permit America to be the dumping ground of all the beet sugars in Germany, Austria, France, and Russia; it would reestablish the sugar refining industry of Great Britain, and everything would go to them in the way of labor to supply to 70,000,000 people over 2,000,000 tons of sugar, and it would be taken out of 100,000 people that are living upon it to-day. It would simply be an infamous atrocity.

Q. You think the sugar industry is practically dependent upon this one-eighth of a cent differential?

A. It is indispensable. Let there be the slightest cause for any interruption in the refining business here so that prices advance, and we would be inundated at once with foreign product, because one-eighth of a cent is inadequate; we ought to have one-quarter. One-eighth is not what we ought to have.

Q. It is only what you could get?

A. No; it is getting something we do not want to have. That was the object of the law.

COMMENT ON THE ABOVE.

In this testimony, the president of the sugar trust baldly stated the truth. If the trust can get its raw sugar from Cuba admitted free, Mr. Havemeyer says the trust will buy Cuban raws at 2 cents per pound and sell the same at 3 cents after being refined, thus giving the trust a protection of 1 cent per pound in place of one-eighth cent as at present. Thus, the trust aims at increasing its own protection eight-

fold, while depriving domestic producers of all protection. This 1 cent a pound, or \$20 a ton, would give the refiners' monopoly a profit of \$40,000,000 a year, or \$35,000,000 annually more than the present one-eighth cent refiners' differential.

Mr. Havemeyer also goes into hysterics over the effect upon the trust of removing the tariff on the refining process. He says it would kill the whole domestic business of refining imported raw sugar, upon which he says 100,000 people are now dependent. But this is exactly the position also of not only domestic producers of sugar beets and sugar cane, and the manufacturers of sugar from that raw material, but the same is very largely true of the producers of cigar leaf tobacco, cigars, cigarettes, fruits, vegetables, and other produce, the domestic market for which is threatened by tropical competition.

How infinitesimal is the business of merely refining imported raw sugar compared to the capital and people already employed in domestic sugar production alone, not to mention these other threatened industries. Now, if the trust finds protection so essential to its business, how much more necessary is protection to these infinitely larger domestic industries that represent many times the capital and labor actually employed in the mere refining of imported sugar? Indeed, Mr. Havemeyer testifies (p. 118) that the refining of all sugar consumed in the United States could be done in refineries that would cost only \$35,000,000, while new estimates place the sum at one-half this figure.

THE SITUATION IN CUBA.

"WORK AT GOOD WAGES EXCEEDS THE SUPPLY OF PEOPLE WILLING TO LABOR."

For confirmation of this statement, see evidence before the Ways and Means Committee, January 15, 16, given by Cuban representatives. In spite of the fact that more than 60,000 immigrants have come to Cuba from Spain and the Canary Islands since the war (p. 75, report of hearing January 15, 16), the demand for labor exceeds the supply.

All through the testimony referred to the improvement in the wages of labor is emphasized. In fact, from \$20 to \$30 per month is paid for labor on Cuban sugar plantations. All who want work can get work.

Certainly the masses in Cuba are not in the starving and wretched condition that has been represented by the agents of the sugar trust and the Cuban tobacco trusts. If any of those people are suffering, they only need to go to work. All the testimony of the Cubans themselves is to the effect that there is plenty of work.

The real trouble seems to be that there is an indisposition to labor on the part of a large element of the population and a desire to be supported by favors from the United States. For instance, on page 21 of the testimony at hearings January 15, 16, Mr. Atkins testifies that there are some 15,000 holdings of small farmers, supposed to raise sugar cane—"little places, all the way from 30, 40, or 50 acres." Mr. Atkins goes on to say:

I am sorry to say the cane they raise is not sugar cane. They live on these little places, and where they have a little place they do not raise much of anything, in my experience. They could in our district, for instance, raise corn and potatoes and find a market for them on the spot, but as a rule they are not disposed to do that. The small landed proprietor is generally uneducated and has a family round him there, and lives the life of a gentleman at ease.

That this is a true statement of a large percentage of the rural population in Cuba is well known to all familiar with conditions on the island. It is not for the interest of these people that anything be done to make life still easier and more indolent. On the contrary, they have only to put forth a tithe of the effort required by our domestic farmers to secure a relatively much larger return for their labor.

"THE TOBACCO INDUSTRY HAS RECOVERED ITS OLD-TIME PROPORTIONS—IS RAPIDLY INCREASING AND VERY PROSPEROUS."

For confirmation of this statement, see Herbert Myrick's analysis of the tobacco situation in Cuba in his remarks before the Ways and Means Committee at the tobacco hearing January 21, in the preceding pages of this document.

Other evidence is therein given to show that 60 per cent of the cigar industry of Cuba is controlled by an English syndicate, 30 per cent by an American syndicate, and only 10 per cent by Cubans and all others. Official data cited in Mr. Myrick's testimony, January 21, shows that the production of tobacco on the island of Cuba in 1901 was larger than prior to the late war, and that prices are higher than for years. No evidence of any kind has been brought out at the hearings to indicate that the tobacco industry of Cuba was in anything but a prosperous condition. On page 97, hearings of January 15, 16, Mr. Placé testifies in so many words, that there is no depression in regard to tobacco.

Cuba's export trade in tobaccos and manufactures thereof is increasing by leaps and bounds with every country, as shown by the statistics cited in Mr. Myrick's testimony, January 21. The tobacco industry on the island has also been enormously benefited by the prohibitory duty of \$5 per pound against all tobacco or its manufactures imported into Cuba, whether from the United States or any other country. This prohibitory tariff was erected for the benefit of Cuba's tobacco industry by the military administration. That this tobacco industry is capable of enormous expansion at great profit, without tariff concessions from the United States, is apparent to all.

BRILLIANT PROMISE OF CUBA'S SUGAR INDUSTRY.

The Cuban testimony above referred to, and all official documents, agree that with modern and up-to-date methods sugar can be produced more cheaply in Cuba than in any other part of the world. Mr. Atkins admits (page 18) that he made very handsome profits on his sugar plantations in Cuba in 1901. Miguel Mendoza testified to making a profit that would be considered very satisfactory in this country, although his testimony shows that his management is more or less careless and extravagant from the American standpoint.

The remarkable recuperative powers of the sugar industry in Cuba are shown by the fact that while its production of sugar was almost annihilated by the war, in 1899-1900 Cuba made 300,000 tons; in 1900-1901 the production exceeded 600,000 tons, while for 1901-2 the product is estimated from 800,000 to 900,000 tons. This last is almost as much as the million-ton crop of 1894, the largest ever produced.

Cuban testimony all agrees to the effect that the island can produce all the sugar the United States consumes, now about 2,300,000 tons annually. The highest estimate of the Cubans before the Ways and Means Committee was that Cuba could produce 4,000,000 tons of sugar per annum. Since less than 2 per cent of its cultivable area is required to produce the million-ton crop, it is safe to say that the possibilities of sugar production in Cuba are practically unlimited.

THE LOW PRICE OF SUGAR.

The low price of sugar is world wide. It is due to the enormous European overproduction of beet sugar and to the unprecedented increase in cane sugar production in the Tropics. Much has been said about the bounty system of Europe, but attention has not been properly directed to the significant developments in cane sugar production in Africa and Asia.

The following table shows the imports of sugar into the United States from various countries for a two-year period before, during, and after sugar was admitted free into the United States.

[In millions of pounds.]

Country.	1889-1890.	1892-1893.	1899-1900.
Europe	969	759	1,451
West Indies	2,982	4,751	2,301
South America	573	612	597
Asia	203	326	2,191
Hawaii	468	551	467
Philippines	446	320	101
Africa	44	25	300
All other	10	70	89
Total	4,795	7,420	6,597

Observe that while our supply of beet sugar from Europe for the two years 1899-1900 was practically double that under two years of free trade (1892-1893) our receipts of cane sugar from Asia were over ten times as much as ten years ago, and from Africa seven times as much. Indeed, this product of yellow and black labor from Asia and Africa now constitutes nearly 40 per cent of our total imports as against only 5 per cent a decade since.

WORLD'S SUGAR PRODUCTION.

Average annual production for the first four years of the past decade, compared with last four years and with estimated production in 1902.

	1890-1893.	1898-1901.	1902.
	Tons.	Tons.	Tons.
Beet sugar	3,250,000	5,250,000	7,200,000
Cuban sugar	800,000	500,000	1,000,000
Other cane	1,700,000	2,500,000	2,500,000
Total cane	2,500,000	3,000,000	3,500,000
Aggregate supply	5,750,000	8,250,000	10,700,000

Thus, while Europe has been rapidly increasing its production of beet sugar, the sugar-cane regions of the world increased their production quite as rapidly as Cuba's sugar supply was curtailed by the late war. In the early nineties Cuba produced an average of 800,000 tons of cane sugar per year, the rest of the world producing 1,700,000 tons, making a total of about 2,500,000 tons of cane sugar as the world's production. But by the time Cuba's product had fallen off from 1,000,000 tons in 1894 and again in 1895 to 300,000 tons in 1898, other cane-sugar producing regions had increased their production by some 800,000 tons, so that from 1897 to 1900, inclusive, the production of sugar cane shows an increase to an average of fully 2,500,000 tons. Thus the other sugar-cane regions are now making as much sugar as the whole sugar-cane world did ten years ago.

THIS REMARKABLE CHANGE IN THE WORLD'S SUGAR CONDITION

is partly due to the system of countervailing duties to offset European export bounties, which has been a feature of the United States tariff policy since the Dingley Act of 1897.

Mr. E. F. Atkins, who has had much to say on behalf of Cuban sugar, has an article in the Monthly Summary of Commerce and Finance of the United States for July, 1901, in which he properly admits that the effect of our countervailing duties upon bounty-fed sugars has been to raise the value of cane sugar as against the beet sugar, and to place Germany and other European sugar countries in exactly the same position, as far as the United States market is concerned, as if no bounties were paid by them. This, in effect, is a special protection on cane sugar shipped to the United States market equal to Europe's bounties.

This is an advantage of from one-third to one-half cent per pound on Cuban sugar that it did not enjoy prior to 1898. But now we are asked to protect the Cuban sugar barons, not only against the competition of European beet sugar, but also against the cane sugar of Africa and the East Indies.

A TEMPORARY CONDITION.

The present unprecedented cheapness of sugar is regarded by all concerned as merely temporary. Why upset permanently the economic policy of the United States to tide over a dull market the speculators who have invested largely in Cuban sugar plantations at ridiculously low prices? Why pay them a bounty (in remission of duties) equal to four to eight times the value of the sugar-cane land. (Page 88, hearings of January 15.)

GRASPING NATURE OF CUBAN DEMANDS.

Under these temporarily low prices, and with old methods of production, the utmost loss claimed by Mr. Mendoza on this year's sugar make in Cuba is 85 cents per 100 pounds of sugar (p. 67). To offset this extravagant estimate the Cuban sugar barons ask for a tariff rebate or concession of \$1.62 per 100 pounds!

For the owner of a plantation in Cuba to beg from Congress 100 per cent more than he needs to cover his own estimate of loss is

called "humanitarianism" by those who denounce as "selfish" domestic producers who protest against being sacrificed to such an unjust proposition.

THE BOUNTY SYSTEM DOOMED.

While the international sugar conference, now in session at Brussels, may not abolish the bounty system, official notice has been given that France and England will impose countervailing duties.

If this is done Cuban sugar will have the great market of England available for Cuban sugar under the protection of duties equal to European bounties.

Messrs. Atkins, Mendoza, and other Cuban authorities unitedly testify that under such conditions Cuban sugar can compete with European beet sugar.

OFFICIAL CONFIRMATION OF MR. MYRICK'S STATEMENT.

From an exhaustive investigation into Cuban conditions made by competent English experts, and cited on pages 212-214, Commerce and Finance of the United States, monthly report, Treasury, Bureau of Statistics, for July, 1901, it is understood that large amounts of English capital have been invested in Cuba on the strength of this report:

The results of the past two years have shown that, however severely individual properties may have suffered from the insurrection, the sugar industry as a whole was not crippled by it to anything like the extent that was imagined. Especially has this proved to be the case with the manufacturing branch of the industry, and it is now, I believe, generally admitted that, without taking into consideration some new "centrals" which are being erected, the capacity of the sugar factories which have survived the insurrection is sufficient to meet the requirements of as large a crop as has ever been raised in the island.

On the other hand, the replanting of the cane fields has been effected on a far larger scale and with much less expenditure than was at first thought to be possible, so that in spite of the bad fortune which attended the 1899-1900 crop, planters are confidently anticipating for next year (1901) an output which will come within measurable distance of those of 1893 and 1894. [NOTE.—This anticipation is realized.—H. M.]

A PROFIT IN SUGAR AT EVEN LOWER PRICES.

It will be seen that according to the foregoing rate of cost, which I have no reason to believe is exceptionally cheap, sugar can be produced without loss, even if with little or no profit, at a price considerably below the lowest ever yet reached. If steps, then, were taken by a Cuban government to still further reduce this cost by the admission of machinery into the country free of duty, by legislation tending to cheapen the cost of living, and therefore also of labor, and by trying to obtain from the railway companies more favorable rates of freight, not only for sugar but for cane as well, there seems to be no reason why Cuban sugar might not eventually be able to compete successfully with beet sugar, the manufacture of which has already reached so high a degree of perfection that there is not much likelihood of its being produced much more cheaply than it is to-day.

On the other hand, now that the experience of the past few years, while teaching the Cuban planter the necessity for economy and for strict attention to the details of administration, has taught him also that a sugar estate, conducted on business principles and not as a residential property, is still capable of yielding splendid returns, there seems to be no limit to the possibilities of future production here.

With an increasing supply in Cuba and a decreasing market in the United States, it is evident that a time must arrive, and is not in my opinion far distant, when there will be a surplus of Cuban sugar which will have to find purchasers in Europe. The real struggle with beet sugar will then take place, and I venture to think that

the best preparation for it will be found in the education of the planter with a view to his obtaining the highest possible results from the cultivation of the cane, and in the adoption of some such measures by the Government as already indicated to cheapen the present cost of production.

Quantity and value of the sugar crop of Cuba, 1885 to 1900.

[From Habana Revista de Agricultura, May 1, 1901.]

Year.	Quantity.	Value.	Value per ton.	Average price per pound abroad.*
	<i>Long tons.</i>			<i>Cents.</i>
1885	631,967	\$39,653,200	\$62.74	2.67
1886	731,723	41,608,300	56.72	2.84
1887	646,578	36,474,700	56.41	2.50
1888	636,719	45,219,900	68.85	2.75
1889	560,333	46,314,200	82.65	3.21
1890	632,368	40,137,900	63.47	3.28
1891	819,760	53,220,300	64.92	3.03
1892	976,789	64,220,000	65.74	2.93
1893	815,894	59,481,900	72.90	3.09
1894	1,054,214	57,508,100	54.55	2.92
1895	1,004,264	42,070,900	41.89	2.15
1896	225,221	12,123,300	53.88	2.29
1897	212,051	9,543,100	45.00	2.01
1898	806,543	13,877,900	45.42	2.55
1899	335,668	17,244,800	51.37	2.39
1900	300,073	17,583,500	58.59	2.49

* As stated by Bureau of Statistics, Treasury Department.

Observe that even to-day's lowest prices do not show as great a decline from normal values as the American farmer has frequently had to meet in selling his wheat, corn, oats, cotton, tobacco, and other staples.

Quotations for raw and refined sugar.

[Willett & Gray. Annual average prices per pound at New York.]

Year.	96° centi-grade.	Granulated.	Difference.
1880	8.206	9.602	1.396
1881	8.251	9.667	1.416
1882	7.797	9.234	1.437
1883	7.423	8.506	1.083
1884	5.857	6.780	.923
1885	5.729	6.441	.712
1886	5.336	6.117	.781
1887	5.245	6.013	.768
1888	5.749	7.007	1.258
1889	6.433	7.640	1.207
1890	5.451	6.171	.720
1891	3.863	4.691	.828
1892	3.311	4.346	1.035
1893	3.689	4.842	1.153
1894	3.235	4.119	.884
1895	3.258	4.140	.882
1896	3.631	4.539	.908
1897	3.553	4.481	.928
1898	4.149	4.976	.827
1899	4.418	4.921	.503
1900	4.566	5.820	.754

World's sugar crop.

Year.	Beet.	Cane.	Total.
	Tons.	Tons.	Tons.
1840.....	50,000	1,100,000	1,150,000
1850.....	200,000	1,200,000	1,400,000
1860.....	400,000	1,830,000	2,230,000
1870.....	900,000	1,850,000	2,750,000
1880.....	1,810,000	1,860,000	3,670,000
1890.....	2,780,000	2,580,000	5,360,000
1891.....	3,440,000	2,785,000	6,230,000
1892.....	3,344,000	2,769,000	6,113,000
1893.....	3,786,000	3,260,000	7,040,000
1894.....	4,691,000	3,137,000	7,824,743
1895.....	4,232,000	2,556,000	7,028,346
1896.....	4,285,429	2,909,577	7,195,006
1897.....	4,916,496	2,832,857	7,749,353
1898.....	1,831,734	2,865,296	7,707,670
1899.....	4,982,101	2,958,550	7,440,651
1900.....	5,535,000	2,839,500	8,374,500
1901.....	6,638,413	3,060,634	9,699,047
1902 (estimated).....	7,200,000	3,500,000	10,700,000

Exportation of raw sugar from the island of Cuba during the fiscal years 1899-1900 and 1900-1901.

[Prepared by Division of Insular Affairs, War Department, January 9, 1902.]

Country.	Fiscal year 1899-1900.		Fiscal year 1900-1901.	
	Tons.	Dollars.	Tons.	Dollars.
United States.....	308,788	17,955,592	499,645	27,031,041
Germany.....				15
France.....		19		5
Spain.....	44	4,815	9	730
Honduras.....	1	102	5	300
British West Indies.....	30	1,942	3	220
Colombia.....	2	121	25	1,314
Uruguay.....			7	406
Canary Islands.....	1	100		
Total.....	303,866	17,962,691	499,694	27,034,161

Commerce between Cuba and the United States.

[From p. 223 Monthly Summary of Commerce and Finance of the United States, July, 1901.]

Year.	Exports of merchandise from United States to Cuba.	Imports of merchandise into the United States from Cuba.		
		Free.	Dutiable.	Total.
1881.....	\$10,999,276	\$519,390	\$62,484,014	\$63,003,404
1882.....	11,775,073	656,042	69,794,610	70,450,632
1883.....	14,567,918	785,829	64,758,705	65,544,534
1884.....	10,562,880	1,484,638	55,696,859	57,181,497
1885.....	8,719,195	1,786,049	40,520,044	42,306,093
1886.....	10,020,879	1,765,751	49,345,029	51,116,780
1887.....	10,138,930	2,033,205	47,482,229	49,515,434
1888.....	9,724,124	2,066,379	47,252,708	49,319,067
1889.....	11,297,198	2,405,425	49,725,198	52,130,623
1890.....	12,669,509	2,761,711	51,039,880	53,801,591
1891.....	11,929,605	26,044,502	35,669,893	61,714,395
1892.....	17,622,411	66,140,835	11,790,836	77,931,671
1893.....	23,604,094	66,049,369	12,657,137	78,706,506
1894.....	19,855,237	67,418,289	8,259,972	75,678,261
1895.....	12,533,260	17,684,765	35,186,494	62,871,259
1896.....	7,312,348	2,074,763	37,942,967	40,017,730
1897.....	7,599,757	1,270,059	17,136,756	18,406,815
1898.....	9,233,894	276,000	14,956,477	15,232,477
1899.....	17,247,952	1,031,713	24,377,115	25,408,828
1900.....	25,236,808	1,854,873	29,517,331	31,371,704
Total.....	262,650,010			1,031,703,000

Rates of duty on best grades of imported sugar.

United States:

1861.....	5 cents per pound.
1862.....	4 cents per pound.
1864.....	5 cents per pound.
1870.....	4 cents per pound.
1874.....	5 cents per pound.
1883.....	2½ to 3½ cents per pound.
1890.....	½ cent duty; bounty on domestic sugar 2 cents per pound.
1894.....	40 per cent ad valorem.

Present duties imposed by other countries:

Germany.....	3½ to 4.75 cents per pound.
Belgium.....	3.94 to 4.36 cents per pound.
Holland.....	4.8 cents per pound.
Russia.....	6.6 to 8.88 cents per pound.
Italy.....	5.25 to 8.35 cents per pound.
Spain.....	4½ cents on foreign.
Spain.....	2.94 cents on colonial.
France.....	6 to 7.45 cents per pound.

The highest figures for the United States are for refined sugar, but raws constitute the bulk of imports. In the figures for foreign countries the smaller amount is for raw and the larger amount for refined sugar.

THE SUGAR TRADE OF THE UNITED STATES.

The figures for domestic production are from Willett & Gray's Sugar Statistics. The domestic crop each year is manufactured into sugar between August and February of the succeeding year. Hence, the figures are for the crop grown in the first year named in the first column, while the imports are for the fiscal year ended the June 30 following. Adding the domestic production and imports gives the total supply of sugar, from which the consumption per capita is estimated. The wholesale value of imported sugar is given as reported by the United States Treasury Department, whose official figures of quantities of imports are also used. The average value per pound of "fair refining" sugar each year is given in the last column. This, multiplied by the pounds of domestic sugar produced, gives the estimated wholesale value of American product, though the figures are probably too high. This, added to the value of imported sugar, gives the total wholesale value of the sugar consumed in the United States each year.

[In long tons of 2,240 pounds, as used in the sugar trade.]

Fiscal year (July 1 to June 30)—	Domestic production.			Imports foreign sugar.	United States consumption.	
	Cane.	Beet.	Total.		Total supply.	Per capita.
	Tons.	Tons.	Tons.	Tons.	Tons.	Pounds.
1860-61.....	92,802	500	93,302	969,082	962,384	44
1861-62.....	127,367	500	127,867	888,416	1,016,283	48
1862-63.....	76,373	500	76,873	954,316	1,031,189	51
1863-64.....	142,297	535	142,832	1,230,543	1,373,375	51
1864-65.....	135,243	953	136,186	1,213,341	1,349,537	52
1865-66.....	100,876	600	101,476	1,200,840	1,302,316	53
1866-67.....	135,158	800	135,958	1,400,108	1,536,066	53
1867-68.....	85,394	255	85,649	1,205,484	1,291,133	57
1868-69.....	167,814	1,910	169,724	1,233,122	1,402,846	53
1869-70.....	153,909	2,600	156,509	1,309,322	1,466,331	53
1870-71.....	136,503	2,800	139,303	1,555,123	1,694,426	66
1871-72.....	221,951	5,359	227,310	1,587,728	1,815,038	64
1872-73.....	165,437	12,091	177,528	1,486,656	1,664,184	64
1873-74.....	235,886	20,453	256,339	1,939,818	2,196,157	67
1874-75.....	271,336	20,453	291,889	1,595,808	1,887,697	64
1875-76.....	324,506	30,000	354,506	1,739,313	2,093,819	63
1876-77.....	282,000	40,000	322,000	2,195,140	2,517,140	77
1877-78.....	310,537	39,684	350,221	1,200,858	1,551,079	62
1878-79.....	252,812	34,453	287,265	1,776,898	2,064,163	63
1879-1880.....	160,400	62,826	223,226	1,793,789	2,017,015	66
1880-1891.....	292,150	24,859	417,009	1,960,014	2,217,200	66

Fiscal year (July 1 to June 30)—	Wholesale value.			Value (average per pound).
	Imported.	Domestic.	Total.	
1880-81	\$83,400,000	\$15,800,000	\$99,200,000	<i>Cents.</i> 7.58
1881-82	84,400,000	21,800,000	106,200,000	7.62
1882-83	84,300,000	12,500,000	96,800,000	7.25
1883-84	98,300,000	21,500,000	119,800,000	6.76
1884-85	72,600,000	16,100,000	88,700,000	5.27
1885-86	80,800,000	11,400,000	92,200,000	5.02
1886-87	78,500,000	14,900,000	93,400,000	4.88
1887-88	74,300,000	9,000,000	83,300,000	4.70
1888-89	88,600,000	19,200,000	107,800,000	5.05
1889-90	96,200,000	20,100,000	116,300,000	5.73
1890-91	95,100,000	15,700,000	110,800,000	5.01
1891-92	104,100,000	17,200,000	121,300,000	3.37
1892-93	116,200,000	11,500,000	127,400,000	2.31
1893-94	126,700,000	18,400,000	135,100,000	3.20
1894-95	75,000,000	16,900,000	91,900,000	2.60
1895-96	89,200,000	23,200,000	102,400,000	2.92
1896-97	99,100,000	28,900,000	128,000,000	2.29
1897-98	60,500,000	31,300,000	91,800,000	3.10
1898-99	95,000,000	24,700,000	119,700,000	3.71
1899-1900	100,200,000	19,600,000	119,800,000	3.92
1901-2	90,000,000	23,300,000	115,300,000	4.04

Import duties on sugar under different tariffs since 1880.

Grade, etc.	Laws of 1883.*	McKinley law (October 6, 1890— August 28, 1894). ^b	Wilson law (Au- gust 28, 1894—July 24, 1897).	Dingley law (July 24, 1897, in force).
Not above No. 16 Dutch standard.	All not above No. 13 1.40 cents per pound.	Free.....	40 per cent.....	9.05 cent per pound testing not above 75° and .35 cent for each additional degree.
Above No. 16 Dutch standard.	Every additional degree .04 cent per pound.	$\frac{1}{2}$ cent per pound.	40 per cent and $\frac{1}{2}$ cent per pound.	1.95 cents per pound.
Not above No. 16 if export bounty is paid.	13-16, 2.75 cents per pound. 16-20, 3 cents per pound. Above 20, $3\frac{1}{2}$ cents per pound.	Free.....	40 per cent and $\frac{1}{10}$ cent per pound.	No increase.
Above No. 16 if ex- port bounty is paid.	.....	.6 cent per pound.	40 per cent and $\frac{1}{10}$ cent per pound.	Do.

* Prior to 1883: Not above No. 7, 2.1875 cents per pound; 7-10, 2.5 cents per pound; 10-13, 2.8125 cents per pound; 13-16, 3.4375 cents per pound; 16-20, 4.0625 cents per pound; above 20, 5 cents per pound.
^b Also Bounty of $1\frac{1}{2}$ and 2 cents per pound.

STATEMENT OF MR. N. H. STEWART, OF KALAMAZOO, MICH.,

President of the Kalamazoo Beet Sugar Company.

The CHAIRMAN. Please give your full name, residence, and occupation to the reporter.

Mr. STEWART. I am the president of the Kalamazoo Beet Sugar Company, Kalamazoo, Mich., and live in that city. My business is that of an attorney at law.

I am here before you, gentlemen, to represent the State of Michigan in this beet-sugar industry. As citizens of the United States, who feel that they have a right, especially in the way in which they were brought into this industry, they ask the protection of this Government

now that they are in it, and that they be not ruined for Chinese, coolie, or any other labor that is brought in competition with our own farmers and laboring men of the North, where they can not sleep under a fig tree or lay down by the side of their work and receive even \$23 a month, we make this argument to you to-day. These men in our country have families to support and bread to earn; they have to have houses to live in in the winter time, and they have to have food and clothing for their families in the summer.

Now, we have 13 factories in the State of Michigan. Prior to 1898 we had none. The work of the Agricultural Department of the Government of the United States had been in progress some years; it had established in every one of the States an experimental station, Michigan included, at an expense of \$15,000 annually each and at an expense to the Government of the United States of nearly three-quarters of a million dollars or more.

These reports were not only put out by the Government generally, but by and through the State's experimental stations located in Lansing, in my State, until the attention of capitalists and farmers of the State of Michigan was drawn toward this industry. Some enterprising men in Saginaw or Bay City—Mr. Cranage or Mr. Bradley—were the pioneers in that State, and in 1898 they built the first factory that Michigan or the Northwest, in that peninsula, ever saw. That factory was begun and completed in 1898 and took care of a crop of about 2,500 acres of beets.

That was the first introduction of beet-sugar manufacturing in the State of Michigan, and out of that acreage, that produced a little over 5,000,000 pounds of sugar, the producers received, in addition to what they got for their sugar, 1 cent per pound bounty on all the sugar manufactured. There was a law, that had been passed in the State of Michigan in 1897, then in existence giving that bounty to the manufacturer. That law, however, existed but the one year, and only a portion of the sugar produced received the benefit of that law for that period of time.

In the next year, in 1899, there were built eight more factories, two of which were with a capacity of 300 or 350 tons and six of them had a capacity of 500 tons each. Those eight factories cost in the neighborhood of half a million dollars each. They were enterprising enough to go out and get their acreage and they were ready for business for the fall crop of 1899. No, there was one that was not ready, located in West Bay City. That factory was finished, however, so that it took a portion of its crop during the months of January and February, 1900. So we had after the second year nine completed factories in the State of Michigan operating and manufacturing sugar from beets grown in the State.

In 1900 there was one other factory, which made 10 factories in operation that year. In 1901 three more factories were added. So that now we have in actual operation in the State of Michigan 13 factories, and in that period of time, from 1898 to 1901, the acreage grew from 3,000 to 66,400, and the production from 5,000,000 pounds of sugar to over 125,000,000 pounds. It gave to the farmers of the State of Michigan a new impetus. They made more out of the sugar-beet crop than they could out of any other crop. The soil of that State had been cropped with wheat, oats, and corn year after year until these crops became a failure and would hardly pay for plowing and cultiva-

tion, and the beet crop coming in at this time, while it introduced a new species of farming or agriculture, if you please, it was of a higher grade than anything else they had ever done, and they had to learn it. It had the effect as well to improve and better their roads; and the highways of Michigan to-day, as you gentlemen may know if you have gone up in that section, especially around Saginaw and Bay City, are as fine roads as any you will find anywhere, almost as well macadamized as the roads in Great Britain. All that has been done within a few years.

Now, then, I wish to go through something in detail with reference to this cost and expense because, as I understand this committee and Congress, you want to know what the facts are, and I will be willing to make an affidavit, or be sworn before this body, to the statements I make with reference to what I have to say upon this subject. This has not been gotten up for the purpose of deluding somebody, but to give to your honorable body, and the Congress of the United States, the exact facts in relation to this industry as it relates to capital and labor of the State of Michigan and of the United States.

We take the basis, then, of about \$1,000 for each ton of daily capacity for each factory, which means an original investment of \$6,000,000. Working capital, on basis of \$100,000 for a 600-ton plant, \$1,100,000. This working capital is used in making repairs, purchasing feed, assisting farmers, carrying sugar, and paying labor during the period between campaigns. Total investments by Michigan sugar companies, \$7,700,000 up to this date. We have been three years in doing that.

Agricultural statistics show 66,400 acres of land under cultivation; 16,848 contractors or families raising beets. Now, that multiplied by 5 will give you 84,240 people in the farming districts alone engaged in this business; and that is all within the period of about three years. That averages about—nearly 4 acres to the contractor.

Five hundred and ninety-seven thousand six hundred tons of beets were raised at 9 tons per acre; that is the average; and the sugar contained in the beets is 14.1 per cent on the average. Price per ton, \$5.20, as against \$4 talked about. The law of the State of Michigan when it went into effect required that the manufacturer pay to the farmer \$4 for 12-per-cent beets, and in that ratio as they went up or down. That law went out of existence, as I have said, the first year—1899—and the farmers demanded higher prices, and with that law out of existence the manufacturers voluntarily, to help the farmer out, and to help themselves out, raised the price from \$4, as fixed by the State, to \$4.50, for 12-per-cent beets, and at that same ratio up or down, 12-per-cent beets being the standard.

In 1901 the amount paid to the farmers for the beets was \$3,107,527. That was to farmers alone for that crop of beets.

Now I wish to give the details with reference to what it costs to raise beets and how the money is paid.

We pay for labor \$1.375 per day. For man and single horse, \$2 per day; for man, two horses, and tools, \$2.75 per day. These are average prices. Some pay a little more and some pay a little less. At the above rates the cost of labor for raising these beets averages \$33.25 per acre and amounts to a farmer's pay roll of \$2,208,382. To this should be added a rental value of land at \$5 per acre, making \$38.25 as the actual cost of raising an acre of beets. The average yield for Michigan is 9 tons per acre. The average cost to farmers

per ton is \$3.70. The average returns to the Michigan farmer are 9 tons at \$5.20 per ton, or \$46.80, from which should be deducted the cost of 15 pounds of seed at 15 cents per pound, or \$2.25, leaving net to the farmer \$44.55, or a profit of \$6.30 per acre over the cost of labor and land rental. If the farmer ships his beets to the factory the freight must be deducted from the \$6.30 profit, leaving the final net profit still less.

In reference to that I want to say that in some instances—this is the average—the factory also pays the freight, depending somewhat on the location and where the beets are raised. The above estimate shows 26,966 men, 1,844 single horses, and 4,834 double teams employed during the season. It makes no allowance for bad weather or any kind of accidents attending upon the business. Every man and every team is expected to work every day. The above figures are the minimum, but we have added to cover those, although it does not add to the expense, about 25 per cent. This increase does not mean a corresponding increase in the cost of producing beets, as men and teams are not under pay during unfavorable weather. With this increase the number of men and teams finding employment in raising beets during the summer and fall of 1901 was as follows: Men, 33,707; single horses, 2,305; double teams, 6,042.

The actual number of contractors raising beets for Michigan factories during the summer and fall of 1901 was 16,848. This represents the same number of farmers' families, and on a basis of five members to a family represent 84,240 persons actually interested in the agricultural side of the beet-sugar industry of Michigan.

Now we come to supplies for all these 13 factories. This will show you how it ramifies and enters into the other industries of the United States, and I wish to say here that since 1898 every piece of machinery that goes into the construction of a beet-sugar factory in the United States is made here, taken from the ore, cast, finished labor put upon it, and constructed, save one thing, and that is the automatic scale in the tower that receives the beets from the elevator. With that exception all that machinery is made here, and has been since the Agricultural Department of the United States got us to go into this sort of business.

The estimated yield of beets on 66,400 acres, at 9 tons per acre, is 577,600 tons.

COAL.

In the consumption of coal a 500-ton plant needs about 2,000 horsepower in steam, and steam in our country can only be made by the use of coal. We have no natural-gas wells, nor have we any dried crushed cane to put in our boilers. Coal consumed amounts to 125,496 tons, and it takes about 21 per cent of coal as compared to the weight of beets. This coal comes from Michigan, Ohio, and Pennsylvania mines. The average price is \$2.50 per ton delivered, and it is valued at \$313,740.

LIME ROCK.

In those thirteen factories, during the past year, 41,832 tons of lime rock were used, estimated at 7 per cent of the weight of the beets. This stone comes from Michigan quarries alone. The average price is \$2 per ton delivered, and that amounts to \$83,664.

COKE.

We also have to go to the coke ovens—4,600 tons, estimated at 11 per cent of the weight of lime rock. The average price was \$5.25 per ton delivered, making a total for coke of \$24,150.

SULPHUR.

Two hundred and seventy-three thousand pounds of sulphur, estimated at 200 pounds per day for each factory. The price is 2½ cents per pound delivered. The value would be \$6,142.

FILTER CLOTH.

One hundred and eight thousand five hundred yards at 15 cents per yard; value, \$16,275. That was the total value of filter cloths used.

OILS.

Twenty-six thousand gallons, averaging 25 cents per gallon; value, \$6,500.

WASTE.

Twenty thousand pounds, at 5 cents per pound; value, \$1,000.

CHEMICALS.

Twenty-four thousand five hundred dollars.

OSMOSE PAPER.

This osmose paper, or most of it, comes from Belgium, and that is an appliance used in the factory, and it is the only place where we can get the paper for the osmose process, which is an additional process added to the sugar machinery for the extraction of the juices of the beet. One hundred thousand sheets of this paper, at 10 cents per sheet, makes \$10,000.

MISCELLANEOUS.

Thirty-two thousand five hundred dollars. This includes stationery, blank books, printing, postage, telegrams, telephones, sugar reports, Dun's reports, and traveling expenses.

SUGAR BAGS.

We have to go into the bag factories. We have 20 per cent of sugar output, which means 250,992 bags, at 9 cents each, making \$22,590.

COOPERAGE STOCK.

For 80 per cent of sugar output, 313,737 barrels, price \$7 per thousand for staves, 6½ cents per set for heading, \$9 per thousand for hoops, making a total of \$82,617. Cooperage and lumber gets that much alone.

BARREL LININGS.

Three hundred and thirteen thousand seven hundred and thirty-seven, at $2\frac{1}{2}$ cents, making a value of \$7,843.

SUPPLIES.

For an average Michigan sugar factory, with the daily capacity of 508 tons and actually cutting 46,000 tons in one hundred and five days.

COAL CONSUMPTION.

Nine thousand nine hundred and sixty tons, at \$2.50 per ton, \$24,150.

LIME ROCK.

Three thousand two hundred and twenty tons, at \$2 per ton, \$6,440.

COKE.

Three hundred and fifty-four tons of coke, at \$5.25 per ton, \$1,858.

SULPHUR.

Twenty-one thousand pounds of sulphur, at $2\frac{1}{4}$ cents per pound, \$472.

FILTER CLOTHS.

Eight thousand three hundred and fifty yards of filter cloth, at 15 cents per yard, \$1,252.

OILS.

Two thousand gallons of oil, at 25 cents per gallon, \$500.

WASTE.

One thousand five hundred and fifty pounds of waste, at 5 cents per pound, \$78.

CHEMICALS.

One thousand eight hundred and eighty-five dollars.

OSMOS PAPER.

Seven thousand six hundred sheets of osmos paper, at 10 cents, \$760.

SUGAR BAGS.

Nineteen thousand three hundred sugar bags, at 9 cents each, \$1,737.

COOPERAGE STOCK.

Twenty-four thousand one hundred and thirty-four barrels, stock at $26\frac{1}{2}$ cents per barrel, \$6,355.

BARREL LININGS.

Twenty-four thousand one hundred and thirty-four linings, at 2½ cents per barrel, \$603.

Miscellaneous, including stationery, blank books, printing, postage, telegrams, telephones, sugar reports, Dun's reports, and traveling expenses, \$2,500.

This makes a total for supplies of \$48,590. This is the amount estimated at 46,000 tons, the average cut of a 500-ton plant for one hundred and five days, \$1.06 per ton of beets.

The combined daily capacity of the thirteen Michigan factories is 6,600 tons. To cut this year's supply of beets would require all these factories to run to their utmost capacity ninety and one-half days without any allowance for shut-downs or accidents. The actual average running time for all Michigan factories during the current year is one hundred and five days of twenty-four hours each, which is the same as three hundred and fifteen days of eight hours each, the customary hours run each day by factories and other lines of business.

I wish to say at this point that when the factory is started up and once begins to run your beets come from the sheds between 300 and 400 feet away, float down into the washroom in a trough of water, are elevated to your slicer and from there to your diffusion battery, and they continue to go through the building 280 or 300 feet more, and it comes out granulated sugar, like that in these bottles I have here on the table. It comes in at one end the raw, crude beet, and then goes out at the other end without cessation, if you please, except to go through the process, granulated sugar of 100 purity, as good as Havemeyer or any other man can produce. That has to go on twenty-four hours a day. When once started there is no stop until you have cleaned up your factory, so that your juices will not spoil. As I understand it that will only stand six or seven hours, and if there is a break longer than that you run the risk of destroying \$6,000 or \$7,000 worth of material. But aside from that they run ten or twelve days without a stop, day and night, and then only stop so as to clean the floor.

Now we come to labor. During the campaign of one hundred and five days there are employed in a 500-ton factory the following men, half of whom are on each twelve-hour shift. Owing to the work done just before and after the cutting of beets, the actual campaign for the full force is one hundred and seventeen days. It takes about a week before you start and about a week after you get through with your full quota of men to take care of your crops. This is all labor in the northern part of our country; it is not Chinese or coolie or dago labor, but it is your intelligent labor. This is not the labor you get in the Tropics; the workmen in this beet-sugar industry are men who have homes and families; they can not sleep by the side of their work, or under a palmetto tree; they can not live off the date tree or the banana tree or chew sugar cane. They have their homes to go to, their firesides to take care of. That is the class of men who are engaged in the production of beet sugar.

A MEMBER. These men are voters.

Mr. STEWART. Every one of them are voters.

This is the estimate for labor:

12.—Salaried persons at \$135 per month.

57.—Skilled workmen at \$2.25 per twelve hours.

137.—Common laborers at \$1.80 per twelve hours.

\$50,310.—Actual amount paid for labor and salaries during campaign of one hundred and seventeen days. This plant cuts 46,000 tons beets.

\$1.09.—Average cost of labor during actual campaign per ton of beets.

During the eight months intervening between campaigns there are employed 12 salaried persons at \$135 per month, 10 skilled workmen at \$60 per month, and 8 common laborers at \$40 per month.

\$19,360.—Salaries and wages paid during the eight months intervening between campaigns.

\$3,670.—Total amount paid for salaries and wages during entire year.

\$1.51.—Average cost of labor during entire year per ton of beets.

\$902,376.—Amount paid for labor by the thirteen Michigan sugar factories during entire year.

2,678.—Men employed in the thirteen Michigan sugar factories.

Now we come to repairs. From the experience of Michigan factories it is found that for the four months of the campaign the repairs, exclusive of labor, on a 500-ton plant are \$750 per month, or \$3,000 for the campaign. It is also found that the repairs during the off season of eight months amount on an average to \$12,000, exclusive of labor. All these plants are new, the oldest (the Michigan Sugar Company) being but 4 years old. As time advances the repair account will, of course, materially increase. At the present time such repair, exclusive of labor, amounts to 32 cents per ton of beets, sliced. Sugar machinery is running constantly night and day. That I have already gone through.

Waste and depreciation. On a 500-ton plant this item amounts to \$35,000 per year, at 7 per cent; that is about the sum to charge off to waste and depreciation, or \$1.09 per ton of beets.

Now we come to interest, taxes, and insurance. The investment and working capital of a 500-ton plant amounts to \$600,000. At 5 per cent the interest on the same is \$30,000. The assessed valuation on a 500-ton plant, exclusive of bonded indebtedness, is \$300,000. The average rate of State, county, school, and municipal taxation combined is 3 per cent, or \$9,000. It is little more for the municipal than for the State taxation, but added together, in these towns where the factories are located within the municipal corporation, it is enough more to make up for the difference, and averages about 3 per cent of this assessed valuation. The amount of insurance carried on a 500-ton plant is usually \$500,000; the rate is 85 cents. The amount of insurance carried on sugar in warehouses at factory and elsewhere varies, but is usually about \$75,000 for six months. The rate is 1 per cent for six months.

The employers' liability insurance against accident to workmen is estimated at \$4 to \$1,000 of annual pay roll. This pay roll in a 500-ton house amounts to \$69,670, making this insurance cost \$280 per year. We have to take care of our men and pay insurance to protect them against injury in the factories. This pay roll amounts to \$69,670.

The boiler insurance in a 500-ton house is usually carried at \$40,000; rate, one-third of 1 per cent per year. Cost of premium, \$133.

The amount paid annually for interest, taxes, and insurance in a 500-ton sugarhouse is \$41,913, which, estimated on the tons of beets, price during the present season is 91 cents per ton.

Next we come to brokerage. All sugar is sold by brokers at the uniform rate of 10 cents per barrel, or 3 cents per sack. This expense of 3 cents per hundredweight of sugar is borne by the manufacturer. On the output of a 500-ton plant this item amounts to \$2,898 per year, or 0.063 cent per ton of beets sliced.

The next thing is output of sugar. The average output of sugar per ton of beets at the Michigan factories is 210 pounds, which, for the present season, amounts to 125,496,000 pounds, or 62,748 tons, or 4,183 carloads of 15 tons each. This amount would make a solid train load of sugar 31.6 miles long.

This amount is 75 per cent of Michigan's yearly consumption of sugar. Its value at 4½ cents per pound is \$5,647,320.

Now, with reference to this amount of sugar from a ton of beets, I wish to say this: It varies with the different factories, and whether or not they have additional processes with the regular beet-sugar factories. There is what is called the Osmose and the Stiffins process, and some factories that have not that process will hardly produce 200 pounds per ton of beets, while others will run much higher.

Coming to the cost of manufacturing sugar in Michigan, it costs \$5.20 for 1 ton of beets; \$1.06, cost of supplies per ton of beets; \$1.51, cost of labor for entire year per ton of beets; \$1.09, cost of repairs and depreciation per ton of beets; 91 cents, cost of interest, insurance, and taxes per ton of beets; 6.3 cents, cost of selling sugar per ton of beets. This makes a total cost per ton of beets of \$9.833. Total cost per 100 pounds of refined sugar, \$4.682.

The above estimate includes 5 per cent interest on the total capital invested, and 7 per cent annual depreciation on the value of the plant. Leaving out these two items, the cost of manufacturing each 100 pounds of refined sugar is reduced \$0.671, or to \$4.011.

The selling price of sugar.—The present New York quotation (January 4, 1902) on standard granulated sugar is \$4.75 per 100 pounds. This is rather above the average quotation upon which the Michigan factories have thus far sold the season's output. On the basis of \$4.75, New York quotation, the actual net cash selling price of Michigan sugar in Chicago, the leading market for such sugar, is \$4.623 per 100 pounds. From this must be deducted 3 cents brokerage and the freight from the factories to Chicago, 13 cents, or 16 cents in all, leaving the net cash price of Michigan sugar, f. o. b. the factory, \$4.463 per 100 pounds.

It will be seen by comparing this with the cost of producing such sugar that the average Michigan factory will not this year be able to make the necessary repairs, charge off proper depreciation, and pay 5 per cent interest on the investment.

To reduce the price, and thereby lessen the price of granulated sugar, would compel the average Michigan factory to run at a positive loss in working up next year's supply of beets. These beets are already contracted for at the old price.

Our contracts are out, made with the farmers at the old prices, and any disturbance of this tariff means absolute ruin of the capital invested.

MR. METCALF. That is upon the assumption that the price of sugar falls as a result of our action.

MR. STEWART. Yes; now I come to by-products.

The only by-products at present from which Michigan factories derive any income is the final molasses, which equals in gross amount 3 per cent of the weight of beets. Eight factories are now selling this molasses at \$2 per ton f. o. b. the factories. The amount received is not sufficient to pay the expense of wasting the pulp, which expense has not been included in the above estimate. The Bay City Sugar Company last year built a pulp-drying plant at a large expense in order to make pulp merchantable. The experiment was a

complete failure. The Alma Sugar Company is this year trying a similar experiment, and hopes to test its pulp drier before the close of the season. The result is entirely problematical.

I wish to say there are with each one of these factories three by-products, each one of which has value when we can have the conditions and the material to utilize them. First of all, and the greatest, when it may be utilized, is the pulp. That may be considered to be about 80 per cent, I think, of the beet. Consequently, out of a 500-ton plant you have about 400 tons of pulp. That pulp is worth to any dairyman in feeding his stock, or any ranchman, or any fattener of stock, from a dollar to a dollar and a half a ton. It is now all wasted. I do not know of a single factory that sells it or gets anything for it; but some of the factories, and especially, I think, the Alma Factory has to pay, or it did last year pay, \$3,000 to get rid of it. In my own town I know that one of the farmers—one of the most scientific of the farmers—has made the test purposely, and he has found that fifteen days' feeding of beet pulp to his cows has increased the supply of milk they give 1 quart a day.

In order to make the test perfect he dropped it off for fifteen days, and then the cows went back to the normal condition that they gave before he fed them on pulp. He tried it again for fifteen days and the quantity of milk gradually came up again. So, I say, it is a very valuable by-product when you have any way to use it.

Now, the next is what is called the lime cake, or the deposit in the filter press, and that is a very large volume, too, that now goes to waste. That is a good fertilizer, and it has a value which, when we can get the farmers to understand how to use it, will be demanded, and will be another additional income to the factories which will enable us to reduce, if you please, the cost of sugar.

The next is the molasses, about which I spoke.

Next comes the beet seed. On account of the fact that the beet-sugar industry of the United States is of such recent development it is necessary to import all the seed from Europe. The seed is purchased by the factories in the month of December, distributed to the farmers in April, and paid for by the farmer from the sale of beets in the late fall. Sugar companies are thus obliged to advance money for the cost of seed, paying interest on the same from eight to ten months. This beet seed is perhaps the foundation of good beets, and no factory will allow a contractor to go any place he pleases and buy his beet seed. They take the utmost care to find and buy the best seed that is produced in Europe and turn it over to the farmer for what it cost the manufacturer to produce it here. They have to wait upon him for the pay until the beet crop is in, and then it is taken out when you settle with the farmer.

BEET CONTRACTS.

Contracts with farmers for the growing of beets for the campaign beginning October, 1902, have already been made by all the factories at the old price of \$4.50 per ton for beets testing 12 per cent sugar, an additional $3\frac{1}{2}$ cents for each one-tenth of 1 per cent above 12. As the average Michigan beet tests 14.1 per cent, the actual price paid by factories is \$5.20 per ton. To work up beets already contracted for next year with a lower price for sugar, caused by tariff reduction, is to insure a heavy loss upon every Michigan factory:

RAILROADS.

All the coal, lime rock, coke, machinery, general supplies, sugar, and 50 per cent of the beets are hauled by the railroads. The total amount of incoming and outgoing freight averages at each factory \$1 per ton of beets sliced, or, for the State at large, it amounts to \$597,600 for the present year. The valuation of Michigan's output of sugar for the present year, at 4½ cents per pound, is \$5,647,320, all of which goes into circulation and is widely distributed. This is but 75 per cent of the present production of sugar in Michigan. If there were no sugar factories in the State this \$5,647,320 would all leave the State, and a large per cent of it go to foreign countries. By keeping it at home money is easier, general business better, and traffic upon the railroads greatly increased. Last year the Michigan Central Railroad extended one of its branches 20 miles especially to provide beets for the Peninsular Sugar Company at Caro. Several similar extensions have been planned for next season in order to develop new beet tracts. All these proposed extensions are held in abeyance pending the action of Congress upon the question of the tariff on sugar.

That we have reason to know, and it is as true as that we are now in this room. There is not a move being made and has not been made since this subject was started to be agitated in Congress.

GOOD ROADS.

The beet industry in Michigan, covering four years' time, has done more to advance the cause of good roads than has any other industry or movement. This fact is demonstrated by the various systems of gravel and stone roads constructed near sugar factories since the year 1898.

AGRICULTURAL IMPLEMENTS.

The development of the American beet-sugar industry necessitates an entirely new class of agricultural tools and machinery, among which may be mentioned beet seed drills, beet cultivators, beet hose, beet pillows, beet knives, and beet forks. It has also increased the use of wagons, plows, and harrows. I may add that probably next year, if we are let alone, and certainly the year after, there will be a beet planter, so that the farmer may ride along and plant his beets, instead of having to walk. It will be machine work when the Yankee once gets hold of this, so that he may exercise his ingenuity and invest his capital safely, and then you can have a beet field planted and harvested as easily as you do a field planted with one of the cereals.

MACHINERY.

All the machinery in Michigan sugar factories is of American make and put up by American workmen. The machinery in the earlier Western factories was of German make. This change has been made possible by existing tariff conditions. Tariff agitation, which intimidates capital from embarking in the beet-sugar industry, strikes a direct blow at the iron, steel, and implement and machinery industries of the United States. I want to say right here in this connection that there was one factory constructed in 1899 by a German firm at Caro. That

firm was supposed to have been one of the best sugar constructing firms in Germany. When it was done and completed it could not turn out a pound of white sugar. As a result, they were sued in the city of New York. That suit is pending now, and an American contractor had to take that plant at an expense of \$200,000 and refit it, and as soon as he was through the new American machinery worked to perfection there, as it does every place else where you give a Yankee a chance. [Applause.]

RECENT CHANGES IN PRICE OF SUGAR.

All sugar in the Northwest is sold on the basis of the New York quotations.

On October 1, 1900, the New York quotation on standard granulated sugar was 6.15 cents. On January 4, 1902 it is 4.75 cents. This is a depreciation in price of \$1.40 per 100 pounds. This difference, estimated on Michigan's output for the present year of 125,496,000 pounds, amounts to \$1,756,944. Every factory is now paying as much per ton of beets as it did when sugar was quoted at 6.15 cents. This entire shrinkage has been borne by the manufacturers and not by the farmers.

RAW SUGAR REFINERS VERSUS HOME-GROWN SUGAR.

Eastern refiners buy brown sugar either from the Tropics or Europe. They refine it; that is, they change it to white sugar. The cost of this operation is about 40 cents per 100 pounds, which amount not to exceed 50 cents per 100 pounds is paid for labor. This is all the American workmen get from working up sugar in Eastern refineries. The labor required in producing the raw sugar is performed by foreign workmen in foreign countries.

The American beet-sugar manufacturers not only pay farmers for growing the beets, but also make from these beets a finished product—granulated sugar. The actual cost of labor in thus growing beets and the manufacturing of sugar, exclusive of any profit to farmer or manufacturer, is \$2.51 per 100 pounds of sugar. Every dollar paid for labor is paid to American workmen.

Which is the better—to give the American workman a chance to earn 15 cents or to earn \$2.51 on every 100 pounds of sugar used in the United States?

Further, every pound of sugar made by American beet-sugar manufacturers comes into direct competition with the output of the sugar trust. Beet-sugar factories give the American people the only opportunity to secure the benefit of competition in establishing the price of a necessity of life. Crush out these factories and one man will have the absolute power to fix the price which every American family must pay for its sugar. Having this power, it is unreasonable to suppose that he will exercise it for the benefit of the consumer rather than the benefit of the trust which he represents.

One beet sugar factory in a county is enough. This tends to distribute the industry over a wide territory and brings the benefits to the greatest number of farmers possible. If the present tariff remains unchanged there will be 600 of these factories in the United States within the next ten years. To organize 600 factories located in 25 different States into a trust and operate them in a single corporation

is an undertaking impossible even in these times. Moreover, a manufacturing business whose raw material can not be controlled by the trust can not be organized as a trust. The beet-producing land of the United States can never be controlled by a trust.

THE FUTURE OF THE INDUSTRY.

In Michigan the following companies have been organized and have factories in process of construction for the campaign of 1902-3:

	Tons.
Sebewaing Sugar Company, Sebewaing	600
Valley Sugar Company, Saginaw	600
Croswell Sugar Company, Croswell	600
Macomb Sugar Company, Mount Clemens	600
Added daily capacity for next season	2,400
Present daily capacity	6,600
Total daily capacity for next season	9,000

There are four more companies now organized, and these factories are in process of construction. Their beets are contracted for, and the campaign of 1902 will be the first campaign of those factories. There are added to those three other companies which have organized, and one of those companies has paid in 10 per cent of its capital stock, and there they had to stop. None of those factories can move forward another step until this question is settled.

With those factories as they now stand the value of the entire plants, total investment, September 1, 1901, was \$10,500.

Enough acreage has already been secured to give each of the seventeen factories that will be in operation in Michigan next season a run of 120 days at full working capacity. If the average yield per acre is as great next year as it has been for the past two years there will be grown in Michigan next summer 930,960 tons of beets, from which will be made 196,501,600 pounds of granulated sugar, an increase of 55 per cent above the output of the present year. This is a startling showing, but the rate of increase is no greater than it has been since the inauguration of the industry in this State four years ago.

Aside from the four new factories that are actually being constructed, there are four other companies organized and waiting the action of Congress before letting contracts for construction. These projects will be abandoned if the tariff on sugar is reduced.

In the United States.—The consumption of sugar in the United States during the year 1900 was 2,486,228 tons of 2,000 pounds each. The annual rate of increased sugar consumption in this country for the past nineteen years has been 6.34 per cent. At this rate of increase the amount of sugar used in the United States in 1910 will be 4,062,496 tons, or in round numbers 4,000,000 tons. The cane area in our country is able to produce not to exceed 1,000,000 tons annually. This leaves 3,000,000 tons which can be furnished from home-grown beets if tariff legislation remains favorable during the intervening years. Europe, with much less available beet area than the United States, produced in 1900, 5,950,000 tons of beet sugar. Every European country making a success of the sugar industry maintains not only a protective tariff of from 1 cent to 8 cents per pound, but also a direct bounty of from one-fourth of a cent to nine-tenths of a cent per pound. If Europe can produce beet sugar, we can if given an opportunity.

Now, I wish to say here, so far as the agricultural reports show in reference to this industry, beginning with the year 1877, they took the beet with only about 90 per cent of sugar in it, and it cost something like from 8 to 10 cents per pound to produce it. In 1877 and 1878 the sugar in the beet in Germany was only 9.24 per cent; raw sugar, 6.26; cost, 8.8 cents; and in a ton of beets, 20.7 pounds.

These reports show no sugar exported from Germany into this country until you reach the years 1888 and 1899, when 11 tons were exported to this country, and during that time the saccharine in the beet had raised from 9.25 per cent to 13.8 per cent. Now, at the present time, or when this report was made up in 1898-99, the cultivation of the beet in Germany raised it from 9.24 per cent to 13.15 per cent, and instead of costing 8.8 cents per pound it cost 5.3 cents. In 1897 and 1898 they exported into this country 142,907 tons. As their experience went on in the cultivation and the manufacturing of sugar they raised the saccharine in the beet proportionately, and the cost of getting that saccharine out went down proportionately.

What will we Americans do if we have the same length of time to do it in? We will produce as cheap as Mr. Atkins's men or any other poor naked Cuban can do it, whether it is cooly labor or any other kind of labor down there.

To produce 3,000,000 tons of beet sugar annually would require 600 plants, each having a daily capacity of 500 tons of beets. These plants would represent the following investment and annual business:

Investment in plants	\$300,000,000
Working capital.....	\$50,000,000
Acres of beets	3,000,000
Valuation of land growing the crop.....	\$150,000,000
Tons of beets.....	27,000,000
Tons of sugar	3,000,000
Value of beets.....	\$135,000,000
Annual pay roll for labor in factories	\$42,000,000
Tons coal used annually	5,500,000
Tons lime rock used annually	1,890,000
Tons coke used annually.....	208,000
Freight paid railroads annually.....	\$27,000,000
Annual payment for bags and barrels.....	\$6,000,000
Farmers' families raising beets	750,000
Men employed in factories	125,000
Men employed raising beets during season	1,200,000

An industry with such possibilities can be established in the United States within the next ten years. The entire question depends upon tariff legislation. Leave the tariff as it is and the industry is assured. Remove it, and this is impossible. Will this gigantic industry be allowed to thrive and enhance the entire agricultural interests of the country, permeating every avenue of business, or will it be destroyed and the sugar market of the United States surrendered to a trust, whose policy is dictated by one man? If permitted to thrive, the competition between these 600 beet sugar factories will ultimately reduce the price of sugar far below the price it would reach if controlled by a single corporation. Such reduction will come gradually as the development of the business under keen competition will justify. The beet sugar industry stands to-day at the turning point. The trust recognizes this fact and is putting forth every effort to crush the industry. Will Congress stand for the people or for the trust?

Now, we charge that to the trusts for this reason: In my section of the country we have large canneries and we have men who use a large amount of sugar, and we have grocers who demand large amounts of sugar. To those people, some of them clients of mine, is sent out this literature—petitions—sent from the so-called pure-food headquarters of the city of New York, headed by Mr. Thurber, who was here, with instructions to have those petitions signed and directed to Congress.

The CHAIRMAN. I think every member of the committee has them.

Mr. STEWART. I do not know but that is true. We charge that upon the trust, and we believe we have a right to do it from the way it has been brought about. Certainly the trust is the only person or people that would be benefited by any reduction of this tariff.

As American citizens we protest, if you please. We have gone into this industry in good faith. We were induced to go into it more through the Agricultural Department of the Government of the United States than in any other way, upon the faith and pledges that as American industries would be protected, so this institution would be protected. The way we looked at it was this: We were induced to go into that industry and we put our money in in good faith, and now for the Government to take away that protection puts Uncle Sam in no other position than that of a bunco steerer for that trust, because that trust is the only institution that will derive any benefit from this reduction. We are the people to suffer. It is not proposed to reduce the tariff along the line, but it is proposed that this infant industry, just started by American citizens with American labor, must bear the entire burden, and give to Cuba what every gentleman who has been before your committee says is the truth. An overproduction of beet sugar in the Old World reflects on Cuba, and it is for that reason that the price of sugar is reduced to where Cuba can not raise it at a profit any more, and they have come in here and deliberately asked that the Government of the United States stand it—nay, not the Government, but the beet-sugar industry of the United States, added to the cane producers of Louisiana. I say we protest against it.

One thing further. As to the development of this industry in the United States, I have before me a list that shows in this country there are 20 different States now interested in this subject and have companies organized and are building factories, and in those 20 States there are 83 different factories. This is the total number contemplated for construction the coming year, with a capital in the aggregate of \$50,000,000. According to this statement—and this I have gotten also from the Agricultural Department—there are in the United States 46 factories, 13 of which are in Michigan, and they are enumerated here. In Arizona there are 2; in California there are 7 in operation; in Colorado 8.

The CHAIRMAN. Do you say these are contemplated?

Mr. STEWART. Yes; according to this report, and I have this from the Agricultural Bureau—83 all told. Now, I think I have gone through this subject, so far as the Michigan end of it is concerned, and I have shown to you what the facts are, and if there are any questions—

The CHAIRMAN. I understood you to say that you imported all beet seeds from abroad?

Mr. STEWART. Yes, sir.

The CHAIRMAN. I notice in the Government reports that in 1900 there were some 3,700,000 pounds of seed imported and the next year only 1,700,000 pounds. How do you account for that falling off?

Mr. STEWART. They did not use all the beet seed that was imported the year before.

The CHAIRMAN. And held that over?

Mr. STEWART. Yes, sir.

The CHAIRMAN. I have heard something about these sugar-beet factories testing beets and keeping some of them for seed.

Mr. STEWART. I will answer you. There is one place where they are trying to raise beet seed. This is the Caro people—Mr. Montague. He is now trying to introduce a seed farm in the United States, and I think last year he succeeded in getting quite an amount of seed, and it has been distributed around to certain sections of Michigan for testing, and it has brought forth very good results. It takes about four years, as I understand it, to cultivate the mother beet before you get a perfect crop of beet seed.

The CHAIRMAN. Do you know where this beet seed comes from that the Agricultural Department distributes?

Mr. STEWART. The first Mr. Wilson told me was given to the Department by Mr. Oxnard—4 tons—for the original test. Where the Agricultural Department gets it now I do not know.

The CHAIRMAN. You do not know whether that is imported or not?

Mr. STEWART. I do not know, but I think it is. I do not think there is anything in this country.

Mr. METCALF. I understand you are speaking for all the beet-sugar manufacturers of Michigan?

Mr. STEWART. Yes.

Mr. METCALF. You are representing them?

Mr. STEWART. Yes, sir.

Mr. McCLELLAN. What, in your opinion, would be the effect of a 25 per cent reduction in the tariff on Cuban sugar?

Mr. STEWART. That reduction would be so used by the Havemeyers as to wipe out every sugar factory in the United States. He would put it down until it would only take one year to kill the sugar interests here and then he would put up the price.

Mr. McCLELLAN. And he could do that still easier in the case of a 40 per cent reduction?

Mr. STEWART. Yes; I do not care what you do with it. It is in his testimony that he has 90 per cent of the output of the sugar of the United States, and that means 39,000 barrels every twenty-four hours during the three hundred and sixty-five days of the year.

Mr. McCLELLAN. And would a 10 per cent reduction have the same effect?

Mr. STEWART. Any reduction, I do not care what it is. The people would not get the benefit of any reduction, but Havemeyer would use it to crush out this industry. He has taken it at the time, if he can get Congress to go with him, to kill it, and kill it forever in this country.

Mr. STEELE. Do you mean it would kill established factories as well as contemplated factories?

Mr. STEWART. Yes; we can not stand it. There is as good an agricultural section in Michigan as there is along the Nile, if you please.

Mr. NEWLANDS. May I ask you what the value of the agricultural lands used for beet cultivation, and raising about 9 tons an acre, as you say, is?

Mr. STEWART. They have gone from \$30 or \$40, or any old price, because they were not worth very much before this beet industry made

a demand for them, up to \$75 or \$100 an acre. Where beet culture is in vogue now you can not buy land for \$75 or \$100 an acre. They are as valuable in many places as the celery lands around my town.

Mr. NEWLANDS. In what cultivation were they employed before the establishment of this industry?

Mr. STEWART. Grain, wheat, and some celery.

Mr. NEWLANDS. If those lands would go back to the cultivation of cereals, grains, and so forth, would they, in your judgment, go back to the old prices?

Mr. STEWART. Yes, sir; they would depreciate in price at once. There would be nothing to do with them. We have already more cereal acreage than we want.

Mr. NEWLANDS. You state that the cost of the labor per acre on the beet farms is \$33.25?

Mr. STEWART. Yes, sir; that is the average.

Mr. NEWLANDS. Do you include in that the value of the farmer's wage, or simply the wages paid to his employees?

Mr. STEWART. No; that is the cash value.

Mr. NEWLANDS. The money paid to the employees?

Mr. STEWART. The money paid out.

Mr. NEWLANDS. Does it cover the labor of the employees?

Mr. STEWART. Yes.

Mr. NEWLANDS. It covers both?

Mr. STEWART. It covers everything.

Mr. NEWLANDS. You want to say you allow \$5 per acre for rental?

Mr. STEWART. Yes.

Mr. NEWLANDS. Is most of the land rented?

Mr. STEWART. No, sir.

Mr. NEWLANDS. It is occupied by small farmers, is it?

Mr. STEWART. Yes, sir.

Mr. NEWLANDS. What is the average tract?

Mr. STEWART. Well, we have one contractor who contracts for 120 acres. That is the largest.

Mr. NEWLANDS. And on what acreage can a man support himself and a family by this kind of cultivation?

Mr. STEWART. That depends. If he can get 10 or 12 tons to the acre, you can figure it out. We have paid, as an illustration, to one man for 2 acres of beets \$220.

Mr. NEWLANDS. I am asking about the average, if you can tell me that.

Mr. STEWART. The average will run probably \$15 or \$20 an acre.

Mr. NEWLANDS. And a man could support himself on how many acres?

Mr. STEWART. Ten acres, I think, and do nothing else but devote himself to the cultivation of that much land.

Mr. NEWLANDS. You allow, then, \$5 profit for what you call the rental value, and then you say that the farmer also makes, in addition to that, \$6.30 per acre of beets profit, making in all \$11.30 per acre that the farmer makes?

Mr. STEWART. That is, where he hires his labor.

Mr. NEWLANDS. Now, that is 5 per cent on \$200, roughly speaking. Would not that justify a valuation of \$200 per acre in those lands?

Mr. STEWART. Perhaps it would. It is a new thing, and we do not know exactly where we are at yet.

Mr. NEWLANDS. In Michigan the cultivation of the beet has raised the value of the farm lands, then, so that the lands yield 5 per cent on \$200 per acre, or a little over 5 per cent?

Mr. STEWART. Yes.

Mr. NEWLANDS. Now, let me ask you another question. Suppose there were no protection given anywhere in the world to sugar and no bounties given, where would the production of sugar drift?

Mr. STEWART. To Cuba.

Mr. NEWLANDS. The cultivation of beet sugar, then, requires either protection or bounties, or both, does it, in the northern countries?

Mr. STEWART. At the present time, just as steel rails required it at first.

Mr. NEWLANDS. Now, as I understand it, under existing laws, you have made investments in this country which aggregate about \$30,000,000 in beet sugar?

Mr. STEWART. Yes.

Mr. NEWLANDS. And you ask that that investment should not be imperilled; and I wish to say that I represent a region which is interested in this question, because we think in the arid region there is the best opportunity for trying this thing. The question that is in my mind is whether we are not getting this industry upon stilts, and whether it will not be prostrated in a certain way when it is fully developed, so as to produce much more extensive injury than would be accomplished now by reducing somewhat this protective tariff, and on that question—I have come to no conclusion myself—I wanted to ask you whether you should not think that with the acquisition of Porto Rico and with the acquisition of the Philippine Islands, and with the probability either of free trade or of reciprocal trade relations with those islands, which will involve inevitably permitting the introduction of their principal product—sugar—into this country in exchange for importing into those countries the products of this country, whether the inevitable result would not be to promote the increased use in this country of sugar raised in tropical countries, and in that event if you have, as you contemplate, \$300,000,000 of capital invested, instead of \$30,000,000, whether the prostration would not more seriously injure the country than if the change were made now?

Mr. STEWART. No. In the first place the American people only go forward and not backward, and inside of ten years the development of the machinery and appliances for the extraction of the sugar from the beet will be so improved and increased that this country will defy any tropical country on the face of the earth.

Mr. NEWLANDS. You think, then, in ten years the industry can stand in this country without protection?

Mr. STEWART. Yes, sir. Let us go, if we can not. I will guarantee it so far as I am concerned, knowing what I do of our own people and the way they do things in this country.

Mr. NEWLANDS. Let me ask you another question. If the effect of this protection has been to increase the value of lands in Michigan from \$50 to \$200 an acre, and we can expect that result all over the country, is it not an undue protection given to the cultivator of sugar as against the cultivator of other products?

Mr. STEWART. It has not raised the price of sugar lands as a whole.

Mr. NEWLANDS. Why should we be called upon by legislation to

raise the price of sugar lands from \$50 to \$200 when we leave the land that now grows wheat and cereals generally at a valuation of \$50 an acre?

Mr. STEWART. You were told a week ago—

Mr. NEWLANDS. Will you answer that, if you please?

Mr. STEWART. Certainly; I am going to. You were told a week ago that by taking this protection off sugar you would raise the Cuban sugar lands to \$75 an acre. Which would you rather do—raise your own lands to \$200 an acre or raise Cuban lands to \$75 an acre?

Mr. NEWLANDS. I can answer that. I would rather raise our land here in the United States.

Mr. STEWART. I know you would, and I would rather have you.

Mr. NEWLANDS. But I want to ask you as to fair dealing between the farmer who raises cereals and the farmer who raises beet sugar.

Mr. STEWART. We have a continent which has varied products. One part will produce a thing better than another part of the country. We have the Anglo-Saxon and the Celt people, and we know what they are; but when you get South you have got into another kind of people, that can not live with our people.

Mr. NEWLANDS. Don't you think we had better lop them off altogether?

Mr. STEWART. Yes; I do, if you ask me that. I will ask the gentleman if he understands that we have already raised the lands in value to \$200 an acre. I wish it were so.

Mr. NEWLANDS. I understood your statement to be that they sold for about \$75 an acre, but, as a matter of fact, from what you have told of the profits they ought to be worth about \$200 an acre, at a reasonable rate of interest on the investment.

Mr. METCALF. I understood you to say that the land gave about 9 tons per acre.

Mr. STEWART. Yes, sir.

Mr. METCALF. And that they are worth about \$5.20 a ton?

Mr. STEWART. Yes, sir.

Mr. METCALF. That would make about \$50 an acre?

Mr. STEWART. Yes, sir.

Mr. METCALF. You say 10 acres would be sufficient to support a man?

Mr. STEWART. Yes; I was including his other crops, and taking into consideration the fact that his family would do the work.

Mr. METCALF. How many acres can one man cultivate?

Mr. STEWART. One man should take care of 2 or 3 acres.

Mr. METCALF. Ten acres would not be self-supporting, would they?

Mr. STEWART. I mean with his farm and stock and other products. That amount he gets from the beet crop is cash, and that, together with what other things he may get from his farm, enables him to make a living.

Mr. SWANSON. Do you think the beet-sugar industry of this country will ever be able to compete without protection?

Mr. STEWART. Yes, sir; I do.

Mr. SWANSON. Do you think the conditions in this country are more favorable for raising beet sugar than in Germany?

Mr. STEWART. Yes, sir. The soil shows that already in three years in my own county we have beets that run as high as 23 per cent saccharine.

Mr. SWANSON. Which is better than any production in Germany?

Mr. STEWART. Yes, sir.

Mr. SWANSON. How long do you think it will be before this industry will be able to get along without protection?

Mr. STEWART. I should say ten years. Give us the time that steel rails have had, and we will guarantee that we can get along or we will say take the tariff off.

On the question of these arid lands, I can say this: At Sugar City Mr. Carey of Baltimore has spent \$2,000,000 in carrying water to irrigate his land and in reclaiming land that has been a desert.

Mr. NEWLANDS. What State is that in?

Mr. STEWART. In Colorado. This last year he has just put up a factory and he has spent nearly \$2,000,000 there in irrigation and in improvements, and this year they have a handsome supply of beets, something like 40,000 tons, I believe, and they are just beginning to find themselves where they can make some money, or get their money back. Tinker with this tariff and you have destroyed the value of all that work.

Mr. MCCLELLAN. This irrigation was accomplished by private capital, was it?

Mr. STEWART. Yes; certainly. All these are private enterprises.

Mr. RUSSELL. It is pretty dangerous to tinker with the tariff at all at the present, is it not?

Mr. STEWART. Yes; I think it is. I think it is dangerous in the condition of things that now exist with reference to sugar. That industry now produces to the United States Treasury a handsome revenue every year, and all the wealth of this nation comes out of the soil, as the wealth of every other nation does.

Mr. METCALF. Free sugar would result in loss of revenue to the extent of about \$40,000,000 a year.

Mr. STEWART. I understand so.

Mr. NEWLANDS. You have stated that you expect in ten years the production of the beet sugar will have so developed that the industry of the United States can stand alone without protection. Why is it that has not been the experience of Germany? I understand that Germany—please state whether I am correct—has promoted the sugar beet there both by protective tariff and by bounties, intended to stimulate exports, and that the result is that England is now seriously considering the propriety of instituting countervailing duties with a view of preventing her tropical possessions from going to ruin. Now, do you understand that those protective measures which have been adopted by Germany, after ten years of stimulation of this industry, can be withdrawn and Germany can stand alone?

Mr. STEWART. I do not know anything about it. I know as far as the result of German manufacturers in the sugar line in this country is concerned, that wherever they have tried to accomplish anything it has been a dead failure, and the Yankee has gone in and made a success of what the German has failed in. That has been the result in machinery; and I think what is true of machinery will be true of the sugar crop.

The CHAIRMAN. Is it not true that Germany does not refine the sugar under the Kartel system? Is it not true that they have a trust that refines all the sugar?

Mr. STEWART. I so understand it.

The CHAIRMAN. And they do not have the competition between the manufacturers that we are having here?

Mr. STEWART. No; they do not.

The CHAIRMAN. If the same thing takes place with reference to sugar that has taken place with reference to steel rails and a hundred other things, as a result of competition the price will go down in the next ten years, will it not?

Mr. STEWART. Certainly.

The CHAIRMAN. And by reason of these improvements in machinery that you have spoken of?

Mr. STEWART. Yes.

The CHAIRMAN. So you think you can meet the competition of Cuba; and the lower price having been obtained, would it not increase the consumption of sugar in the United States?

Mr. STEWART. Proportionately, I think.

The CHAIRMAN. The consumption is not equal to that of Great Britain per capita now, is it?

Mr. STEWART. No; I understand the consumption in the United States to-day is 66.4 pounds per capita.

The CHAIRMAN. But that is less than it is in Great Britain?

Mr. STEWART. Yes, sir. Great Britain cans, I understand, and puts up a great deal of fruit that she sends all over the world.

The CHAIRMAN. We have already the materials to do that.

Mr. STEWART. We can do it here and will do it if you leave us alone.

The CHAIRMAN. When you make the cheaper sugar?

Mr. STEWART. Yes.

STATEMENT OF MR. F. R. HATHAWAY, OF ALMA, MICH.,

General manager and treasurer of the Alma Sugar Company.

The CHAIRMAN. What is your business?

Mr. HATHAWAY. I am general manager and treasurer of the Alma Sugar Company; just a plain, ordinary business man, that is all.

Part of the duty which falls to me in our company is marketing the sugar, and I wanted to say something here this afternoon that would bring to your attention, gentlemen, some of the peculiar difficulties which the beet-sugar industry of Michigan has to confront when it goes into the markets with this finished product—a product which is just as pure as any sugar that is put upon the market anywhere. In fact, the chemical analysis shows it to be from one-half of 1 per cent to three-fourths of 1 per cent higher grade than the sugar which is refined on the seaboard.

I can not discuss this question without speaking plainly and frankly concerning the way in which the sugar trust treats us. That is good, plain English, and in order that I shall not speak at random, in order that I shall be able to prove that which I say, I have reduced that portion of my remarks to typewritten form, and would like the privilege of reading this portion, which will not take over ten or twelve minutes.

The references made by me this day are to the Industrial Commission's preliminary report, Doc. No. 476, part 1. It will frequently be necessary to refer to the testimony of Mr. Havemeyer. Permit me, therefore, first to establish that gentleman's authority in the American Sugar Refining Company.

Mr. ATKINS's testimony, on page 811, contains the following:

Q. So that you state, since 1821, the price of refined sugar is the price that Havemeyer and Elder put up on the wall?

A. Mr. Havemeyer is the president.

Q. That is simply the controlling power I mean?

A. That is the controlling power.

Q. That is the chief executive power that fixes the price of sugar?

A. Yes. These prices are based on the market price of raw sugar.

Divested of all verbiage, the question at issue is, shall the Sugar Trust control the American market or shall it have active competition from the cane sugar of Louisiana and the beet sugar of the North? That the existing tariff is an absolute necessity to the production of both kinds of domestic sugar is a proposition which I leave to my compeers to establish.

The relief of Cuba is but an incident in the larger policy of the Sugar Trust to crush all competitors. The greatest competitor this organization has to fear is the beet-sugar industry of the North and West, which is developing with such rapidity as to astound the Eastern refiners.

On page 132, Mr. Havemeyer's testimony reads as follows:

Q. Now, how can sugar be made in Germany from beets, or in the Philippines from cane, or in any other part of the world, cheaper than you can make it here? Is that owing to the labor, or what is it?

A. Because, in the evolution of sugar refining, refined sugar can be made directly from the beet without the intermediation of the sugar refinery.

Q. Then it is not the cane sugar abroad that you fear coming in, but the beet?

A. Both.

On page 809 Mr. Atkins's testimony reads as follows:

Q. Do you think it desirable to have a considerable domestic production of sugar—raw sugar?

A. No; I do not at the present enormous cost to the consumer.

Q. Do you think it desirable for the Government to do anything to encourage the domestic production?

A. No; I do not.

What is the attitude of the Sugar Trust toward all competitors?

On page 108 Mr. Havemeyer's testimony reads as follows:

Q. If you can make it unprofitable to them (other refiners), they will stop their sales and in the long run the expectation is that the profit will be larger to your stockholders?

A. That would be the natural inference. Of course it goes without saying, if we protect our own meltings, it can only be done under the condition of things that makes it unprofitable for our competitors, the real motive being the protection of our own business, and the result being an absence of profit to them.

Again, from Mr. Havemeyer's testimony, on page 120:

Q. Now, I also understood you to imply at least that it is the policy of the American Sugar Refining Company to crush out all competition, if possible?

A. But that is not so; there is no such testimony. I understand it has been put in that form by one of the gentlemen, but it is not the fact. What I said was that it was the policy of the American Company to maintain and protect its trade, and if it resulted in crushing a competitor it is no concern of the American Company. If he gets in the press that is his affair, not ours.

Q. And if anyone interferes with the business, profits, or competition of the American Sugar Refining Company it is its policy to prevent it, if possible?

A. By lowering profits to defy it.

Q. And if it results in crushing him out—

A. (Interrupting.) That is his affair.

Q. Not the affair of the American Sugar Refining Company?

A. No.

Again, from Mr. Havemeyer's testimony, page 125:

Q. When you sell in this country, you control the price?

A. Yes, sir.

Q. And it (the trust) was organized, as I understand it, with a view of controlling the price and output to the people of this country?

A. That was one of the objects of consolidation.

Q. And you have succeeded in doing it?

A. Yes, sir.

Q. That was the principal object in organizing the American Sugar Refining Company?

A. It may be said that was the principal object.

This testimony was read to Mr. Havemeyer as having been given by him before the Lexow committee.

On page 60 the Industrial Commission states: "Mr. Havemeyer's testimony before the Lexow committee in 1896 was read to him and he stated that he stood by every word of it."

On page 142, Mr. Jarvie, of Arbuckle Brothers, the principal competitor of the American Sugar Refining Company, testifies as follows:

Q. Has not their (the American Sugar Refining Company) attitude been an attempt to crush you out of business?

A. If the cutting of prices is that, yes.

Q. Is not that about as good a way as any?

A. We think so.

On page 63 the Commission sums up Mr. Havemeyer's position on competition in the following words:

It is very vital to the prosperity of the company to keep up its output. When competitors begin business prices must be lowered with the primary purpose of retaining trade. If the result is to crush competitors, that is their affair, not the affair of the trust.

From the time of its organization down to the present the path of the American Sugar Refining Company has been strewn with the wrecks of its competitors. Sometimes these have been crushed and then bought up, sometimes they have been crushed and allowed to remain where they were ruined. (See page 45.) The same man who has guided the policy of the American Sugar Refining Company from its inception to the present, still retains control. His power is as absolute as ever. His policy is plainly declared. The beet-sugar industry of the United States, his only rival, can expect no mercy at his hands. If he has the power he will crush it and coolly state, as he replied to the Industrial Commission, that such a result is not his affair.

If the American Sugar Refining Company can crush out its competitors, will it then be able to control the sugar business of this country?

On page 107, Mr. Havemeyer's testimony reads as follows:

Q. What proportion does your output form of the total output of the country now?

A. I have never been able to get at those figures, but I should say about 90 per cent.

Q. You think about 90 per cent of America?

A. That is not of the capacity, but of the output. The fact is, that these refineries are not working full.

Q. Does the American Sugar Refining Company itself have a capacity enough to supply the total demand, if it were not for the opposition? Your company could easily supply the total demand at the present capacity?

A. The demand, and 20 per cent in excess.

On page 60 the Industrial Commission quotes from Mr. Havemeyer's testimony before the Lexow Committee as follows:

It goes without saying that a man who produces 80 per cent of an article can control the price by not producing.

This evidence shows that in 1899 Mr. Havemeyer was not only able to supply the entire consumption of sugar in the United States, from refineries owned by him, but without increasing their capacity could supply 20 per cent more than the people of the United States could use.

If the Sugar Trust secures the absolute control of the American market what will be its policy toward the consumer?

On page 112 Mr. Havemeyer states:

We maintain that when we reduced the cost we were entitled to the profit, and that it was none of the public's business.

On page 117 Mr. Havemeyer's testimony reads as follows:

Q. I say he (the consumer) may be benefited temporarily for six months or a year; but if, after the crushing out has taken place, you then, as you said in your testimony, resume a margin of profit which you consider is the right thing, and that is the only thing you were governed by, I ask you then whether the consumer will be materially benefited or not?

A. Is he not benefited to the extent of the reduction of the prices during the fight?

Q. He is; but if he has to pay double or three times the price after the fight is ended I fail to see where he is benefited.

A. He is not if he has to pay that.

Q. I understood you to say when the war was ended you evened up?

A. Yes.

Q. The price you put on was for the benefit of the stockholder?

A. Yes.

Q. Do you think it is fair that the consumer should pay a dividend to your company on brands, good will, etc.?

A. I think it is fair to get out of the consumer all you can consistent with the business proposition.

Q. You state that as an ethical proposition before this Commission, and you have to stand on that ethical position for fair play. Now, I want to know if you think—you stated that the consumer received the benefits of this consolidation of industry—that a fair ethical position, independent of the business view you put on it, that the consumer should pay dividends on this \$25,000,000 of overcapitalization?

A. I do not care two cents for your ethics. I do not know enough of them to apply them.

To show Mr. Havemeyer's attitude toward governmental control of his business, we quote from page 223:

Mr. Havemeyer, president of the American Sugar Refining Company, declares that corporation are under no obligations to the States, but the reverse.

The Industrial Commission, on page 46, sums up the effect of Mr. Havemeyer's position on prices as follows:

On the whole, the chart seems to make it perfectly evident that the sugar combination has raised the price of refined sugar beyond the rates in vogue during the period of active competition before the formation of the Sugar Trust and the two competitive periods during its existence.

CAPITALIZATION.

The report of the Industrial Commission, page 123, shows that the original capital stock of the fifteen or sixteen companies that were merged into the sugar trust in 1887 was \$6,590,000. When the new company was organized it was capitalized at \$50,000,000, half of which was preferred and half common stock. (See p. 124).

During the years 1890 and 1891, the active competition against the American Sugar Refining Company was so keen that an additional issue of stock, amounting to \$25,000,000, was made, in order to buy up all the other sugar refineries (see page 43). The capital stock of \$75,000,000 remained until 1901, when, according to newspaper statements, the stock was increased to \$90,000,000. Now, new refineries have, however, been erected since the last issue of stock. The purpose for which this stock was issued is not plain, but in many quarters it is supposed that the major part of the new \$15,000,000 was to be used in Cuban investments. We are, however, unable to substantiate this rumor.

On page 111 Mr. Havemeyer states that his refineries could be rebuilt new at a cost of from \$30,000,000 to \$35,000,000.

Mr. Post, on pages 151 and 152, estimates that the cost of rebuilding the American Sugar Refinery plants new would cost even less.

Upon the testimony of Mr. Havemeyer we base our conclusion that there is from \$50,000,000 to \$60,000,000 water in its present capitalization.

The Industrial Commission finds, page 43, that the dividends on the stock of the American Sugar Refining Company since 1891, for each year, have been 7 per cent on preferred stock and average 12 per cent on common stock. The dividends on common stock range from 4 per cent the year the company was formed to 21½ per cent in 1893. (See p. 43.)

Just think of it! The dividends declared by the American Sugar Refining Company in 1893 were 21½ per cent on its capital stock, \$50,000,000. Of that \$50,000,000 the actual investment was \$6,590,000, which made the dividend declared that year under free raw sugar 162 per cent on the actual money invested. And some of the people think that some of the Michigan refineries are getting awfully rich because they can make a dividend of 20 per cent a year.

Mr. McCLELLAN. Are they making that much now?

Mr. HATHAWAY. Some of them are and some of them have never paid a single dividend. The most successful factories have averaged 10 per cent for three years prior to the present low prices of sugar.

The CHAIRMAN. Do you remember the difference in the price of refined sugar and raw sugar in 1893? I think it was about 1.25 cents.

Mr. HATHAWAY. The average price of 96-degree raw sugar was 3.689 cents and under; beet granulated sugar the same year 4.812 cents.

The CHAIRMAN. And the difference there is 1.123 cents?

Mr. HATHAWAY. Yes; in other words, they maintained a 1½-cent differential that year, which enabled them to declare a dividend of 162 per cent on money actually invested.

This, of course, includes dividends on watered stock as well as actual investment. Considering the fact that the original first cost of the plants was less than \$7,000,000 and making an estimate of an equivalent amount of water in the purchase of 1890 and 1891, we have estimated actual investment to be in the neighborhood of from \$10,000,000 to \$12,000,000. This property has been able to pay an average of at least 10 per cent on the entire capital stock, water and all.

"Though Mr. Havemeyer refuses to state the exact cost of refining, he does say that it is approximately 50 cents per 100 pounds. This statement is corroborated by the testimony of other witnesses. Mr.

Havemeyer and others state that it has been the policy to seek to maintain a differential of 1 cent a pound between raws and refined. Upon his own statement of the case, such a differential would make a profit of 50 cents per 100 on all sugar refined. Last year the consumption of sugar in the United States was 2,372,316 tons. Having Mr. Havemeyer's statement that they do 90 per cent of the business, we find that his companies last year refined 2,135,085 tons of 2,240 pounds each. On the basis of one-half cent profit, this makes the net earnings of the company for 1901 \$23,912,952, which, estimated on Mr. Havemeyer's statement of the cost of rebuilding all his refineries, gives a net profit of approximately 75 per cent, or about 100 per cent on the actual cost of rebuilding these refineries, as estimated by Mr. Post."

The CHAIRMAN. I think right there you overlook a fact stated by Mr. Havemeyer, although generally you have quoted what he has said very fairly. While the figures you give are probably correct, he says that the margin is greater than that because of the waste of sugar, and while he does not say what that margin is, other witnesses have put it at 63 cents a hundred.

Mr. HATHAWAY. Very true. I have some evidence bearing on that.

The CHAIRMAN. I do not think Mr. Havemeyer stated the margin at 50. He was rather hazy in what he said, even about the cost of refining.

Mr. HATHAWAY. And as I read the evidence I think it may be that he was purposely so.

Willett & Gray's Statistical Sugar Trade Journal, under date of January 2, 1902, specified that the average price for 96-degree centrifugal sugar for the year 1901 is 4.047 cents. In the same issue, they state that the average price for granulated sugar for the year 1901 is 5.05 cents. An average differential of a little more than 1 cent was, therefore, maintained for the entire year.

Several times during this hearing the question has been asked, "Would lowering or abolishing the tariff on raw sugar materially assist the trust?" It is fair to presume that if it would not, Mr. Havemeyer, the president of the American Sugar Refining Company, and Mr. Atkins, a prominent stockholder in that company, would not advocate such a tariff reduction.

On page 130, in reply to a question asking if he would give raw-sugar producers the benefit of a tariff, Mr. Havemeyer replied:

No; they are an agricultural product, and if they can not produce under natural conditions, I would not give them anything at all.

Mr. Atkins, on page 71, declares that the present duty on raw sugar affords unnecessarily high protection to the domestic producer. It has been established, primarily, at the instance of the producers of beet sugar, and is having the effect of building up that industry.

On page 69, Mr. Post says:

If raw sugar were imported free of duty, the beet-sugar industry would be completely destroyed in five years.

Note further that in 1893 the trust's dividends on common stock were 21½ per cent. This was free raw sugar.

On page 153, Mr. Post's testimony reads as follows:

Q. Have you been able to trace any direct influence of the American Sugar Refining Company on the price of raw sugars?

A. They of course have a very large influence on it, because they are such large consumers of raw sugar; but they have not the power of making the price for any length of time for raw sugar.

Later, in his testimony, but on the same page, he states that "the American Sugar Refining Company would be able to make a difference of about one-sixteenth of a cent per pound and only for periods of part of a year."

On page 107, a portion of Mr. Havemeyer's testimony reads as follows:

Q. The American Sugar Refining Company could, being by all odds the best buyer, have something to do with that [fixing price of raw sugar], and in some way it does determine what the price shall be?—A. It has some advantages. It can combine different markets, and so, in a measure, offset the control of these exchanges in the world which speculate in sugars.

Q. And by placing large orders with one broker it could probably get a somewhat better rate than a competitor who could place only a very much smaller order?—A. That is only in case the production is very much in excess of the consumption, as it was some years ago.

It is interesting to note the attitude of the trust and its friends toward Cuba.

On page 118 Mr. Havemeyer states:

Cuba is a country that can supply the United States entirely with their sugar in three years.

On page 160 Mr. Post's evidence reads as follows:

Q. Do you know of any United States refiners that have any interests in Cuban sugar lands?

A. Not as refiners.

Q. No, I mean companies, the American refiners, companies of any kind, have they any interest?

A. As individuals they have some interests. Some of our people own a plantation in Cuba, which has just recently been bought with a view of development. In fact, a cable came to us a few days ago offering a large estate that some of our people are going to manage. We believe that means good business under our Government.

Q. Now, do you know or have you any knowledge of Mr. Havemeyer going into that?

A. No doubt Mr. Havemeyer has investments in Cuba entirely independent of the American Sugar Refining Company just as any other individual might own a great many other things. His money buys it.

On page 109, in reply to a question asking the number of stockholders in the American Sugar Refining Company, Mr. Havemeyer answers:

Eleven thousand, almost enough to take Cuba, and they would take it if they could.

His advice, however, as given on page 133, is very pertinent at the present time. It is as follows:

Never allow a foreign country, if it can possibly be avoided, to get its nose into this country and get into its productions.

We know of no better admonition that could be urged upon the attention of the American Congress at this time.

From the sworn statements of Mr. Havemeyer and his associates we have sought to establish, by the foregoing evidence, the following propositions:

1. That Mr. Havemeyer personally has a most dictatorial power in determining the policy of the American Sugar Refining Company.

2. That the relief of Cuba is but an incident in the larger policy of the sugar trust to crush out all competitors.

3. That the beet-sugar industry of the United States is the chief competitor which the sugar trust fears.

4. That the sugar trust was organized with a view of controlling the price and output of sugar in the United States.

5. That in the effort to control the price and output of sugar, the policy of the trust has been to crush all forms of competition. That this act of crushing is an act of the competitors, not of the trust.

6. That the present capacity of the refineries owned by the trust is more than sufficient to supply the entire consumption in the United States.

7. That having gained control of the sugar business, Mr. Havemeyer thinks that it is then fair to get out of the consumer all he can. That he does not care two cents for ethics, and that he does not know enough of them to apply them. That in times past the effect of the sugar trust has been to raise the price of refined sugar beyond the rates in vogue during the period of active competition.

8. That of the \$90,000,000 capital stock of the American Sugar Refining Company, fully 60 per cent is water; that since its organization the trust has averaged an annual payment of 10 per cent on all stock; that the per cent of dividends has been greatest when the tariff on raw sugar has been least; that upon Mr. Havemeyer's own statement of the amount of business done by his company, their net profits in 1901 were over \$20,000,000, which is approximately 75 per cent of the actual cost of rebuilding all his refineries new.

9. That the sugar trust would be the direct and greatest beneficiary of any reduction of the tariff on raw sugar, and that this trust is strongly in favor of the abolition of all such duties.

10. That the sugar trust can bear the raw sugar market and thereby obtain an advantage over other refiners of raw sugar.

11. That the sugar trust is openly and avowedly in favor of acquiring Cuba, and that until such acquisition shall have been accomplished they are in favor of free raw sugar.

The CHAIRMAN. Do you remember when the National Sugar Refining Company went into business?

Mr. HATHAWAY. When they were organized?

The CHAIRMAN. Yes.

Mr. HATHAWAY. I can not answer that.

The CHAIRMAN. Which went in first, the Arbuckle or the National?

Mr. HATHAWAY. I think the National was the first one; that is, as I remember it. As far as the way they operate at the present time is concerned, they are in harmony.

The CHAIRMAN. And in the first instance there was competition?

Mr. HATHAWAY. Yes, until—as I understand it—they increased the capital stock from \$50,000,000 to \$75,000,000. That increase was to be used, according to the Industrial Commission (page 43), in buying up their competitors. There had been active competition in 1890, and this active competition must be gotten rid of.

The CHAIRMAN. But after that the Arbuckles and another company went in?

Mr. HATHAWAY. I could not answer that.

The CHAIRMAN. It was somewhere about 1897?

Mr. HATHAWAY. I think so.

The CHAIRMAN. I notice in 1897 the difference between raw and refined sugar was 94.6 cents per hundred; in 1898 it was down to 73 cents per hundred; in 1899 it was 50 cents; and in 1900 it rose to 75.4 cents!

Mr. HATHAWAY. Yes, sir.

The CHAIRMAN. That was the time they all got together, except the Arbuckles, was it not?

Mr. HATHAWAY. Yes; and they have been together since.

The CHAIRMAN. And now the Arbuckles sell it at the same price that the American Sugar Refining Company sell it?

Mr. HATHAWAY. Yes; but there is an occasional cut.

The CHAIRMAN. Is there any other customer that buys the Cuban product, the great bulk of it, except the American Sugar Refining Company?

Mr. HATHAWAY. No, sir; they buy it.

The CHAIRMAN. Suppose a reduction was made on the raw sugar coming from Cuba to the United States of one-half a cent a pound; what other customer would there be for Cuban raw sugar than these refining companies?

Mr. HATHAWAY. None whatever.

The CHAIRMAN. Under such circumstances who would be able to make the price on that—the sugar refining company or the Cuban planters?

Mr. HATHAWAY. I think the American Sugar Refining Company.

The CHAIRMAN. Why?

Mr. HATHAWAY. Because the Cubans have no other market to ship their sugar to in the first place, and the trust has an immense other market from which they can buy it.

The CHAIRMAN. They do buy nearly half their sugar from the beet-sugar companies?

Mr. HATHAWAY. About one-third.

The CHAIRMAN. Is it not true that when the difference in the margin between beet sugar and refined sugar gets about 1 cent they commence to import refined sugar?

Mr. HATHAWAY. As far as the importations of refined sugar in 1900 are concerned, the importations were between 19,000 and 20,000 tons. That is, long tons.

The CHAIRMAN. And in 1900?

Mr. HATHAWAY. About 96,000 tons. I can explain a local reason for that—

The CHAIRMAN. Of course that is a trifle compared to the amount of raw sugar imported?

Mr. HATHAWAY. Yes. The reason was this: In that season of 1900 a line of through steamers was put on from Chicago to Germany, and that line of through steamers brought back one cargo of this sugar and sold it to a man in Chicago who had had some difficulty in getting his sugar from the trust, owing to the fact that it was alleged he had not complied with the rules laid down by them.

Mr. McCLELLAN. Has the American Sugar Company gone to any extent into the beet root sugar industry?

Mr. HATHAWAY. I understand they have a personal interest in two of Spreckels's factories on the Pacific coast.

Mr. METCALF. Will you tell me what the price of German beet sugar is in England?

Mr. HATHAWAY. I can not answer that.

Mr. METCALF. Is it not 2 or 3 cents a pound in England and 7 or 8 cents a pound in Germany?

Mr. HATHAWAY. There is pretty nearly that difference. I would not give you the exact figures, or attempt to do so, without looking that up.

Mr. NEWLANDS. Have you seen a letter from Mr. Spreckels regarding the beet-sugar industry, in which he claimed that a reduction in the tariff would do no harm?

Mr. HATHAWAY. I have not, but I have heard from it; and will you permit me to quote from the Industrial Commission in regard to that? This is on page 13. In reply to the question, "What interest has the American Sugar Refining Company in the California refineries?" Mr. Havemeyer says, "They own one-half interest in the Western sugar refineries, the other half being owned by Spreckels." I think when you come to analyze the proposition you will find that Mr. Spreckels has a larger interest in the American Sugar Refining Company than he has in the beet-sugar industry, and it is a question which side he would favor, and he would naturally favor the side in which he has the most financial interest.

The CHAIRMAN. Do you know what side he takes?

Mr. HATHAWAY. I have not seen the letter, but I understand the letter referred to says that the industry can stand a reduction of 50 per cent. He refines the beet sugar he makes in his own refinery, and that refinery is owned by the sugar trust.

The CHAIRMAN. Do you know what he said in his newspaper?

Mr. HATHAWAY. No; I do not.

The CHAIRMAN. The San Francisco Call is his paper, is it not?

Mr. HATHAWAY. I do not know.

Mr. NEWLANDS. Yes.

Mr. HATHAWAY. I wish to read a dispatch I have just received from one of the most influential citizens in Michigan:

[Telegram].

GRAND RAPIDS.

This State has been flooded within the last three days with anonymous circulars favoring Cuban sugar. What philanthropists other than the American Sugar Refining Company would be interested in making these insidious attacks on beet sugars?

JOHN W. BLODGETT.

The CHAIRMAN. I have a statement here of the price of raw and refined sugar for every year since 1892, and the difference in price each year, which I would like to have inserted in the record.

Average price of sugar.

Year.	Refined.	Raw.	Difference.
1892.....	4.346	3.311	1.035
1893.....	4.812	3.689	1.123
1894.....	4.12	3.24	.98
1895.....	4.152	3.27	.882
1896.....	4.532	3.624	.908
1897.....	4.503	3.557	.946
1898.....	4.965	4.235	.730
1899.....	4.919	4.419	.500
1900.....	5.32	4.566	.754
1901.....	5.05	4.047	1.003

Mr. NEWLANDS. You said that some of the beet-sugar companies in Michigan paid a dividend of 10 per cent for the past three years. How many companies have done that?

Mr. HATHAWAY. One.

Mr. NEWLANDS. And how many other companies are there?

Mr. HATHAWAY. Twelve others.

Mr. NEWLANDS. How many of them have paid any dividends?

Mr. HATHAWAY. I think there are four, and possibly there is a fifth.

Mr. NEWLANDS. Can you state what dividends they have declared?

Mr. HATHAWAY. All the way from 5 per cent to 8 per cent. That is the way I understand it.

Mr. METCALF. That is on the amount of capital actually invested, as I understand it?

Mr. HATHAWAY. Yes. As far as the capital invested is concerned, their regular price for buildings and factory is \$1,000 for each ton of daily capacity. If you put up a factory with a daily capacity of 600 tons it will cost \$600,000 to build it.

Mr. ROBERTSON. Is there any watered stock in these factories?

Mr. HATHAWAY. Not a dollar of watered stock in any Michigan factory.

STATEMENT OF MR. C. D. SMITH,

Agricultural College, Michigan; director of the Michigan Experiment Station; superintendent of institutes.

Mr. SMITH. Mr. Chairman and gentlemen, I am here not at my own invitation, but in response to a request from the governor of the State. I have had printed the main part of what I want to say. I regret that I had to prepare this on a rainy day in Washington, without access to my notes, while I was away from home. I did this upon receiving the governor's telegram.

I have here a table showing the yield of wheat in Michigan from 1880 until 1900, and also showing the value of the crop each year and the price per bushel. These figures will show the great depression in this industry, especially in the year 1900. In 1898 the value of the crop was \$21,799,000 in round numbers, in 1899 its value was \$8,667,000, and in 1900 only \$6,397,000 in round numbers. I wish to say that this depression was the reason why the industry of sugar beets was introduced in the State.

Mr. STEELE. What year was that serious depression?

Mr. SMITH. 1900. In that year the value of the crop, as I have just read, was only \$6,397,000.

Mr. STEELE. Have you the figures showing the value for 1901?

Mr. SMITH. No, sir; I have not those figures.

The Michigan Experiment Station introduced the first beet seed that I know of in Michigan in 1897. They followed that up with other experiments. In 1898 the first factory was built. The Michigan farmers were confronted with the statement that you never could make sugar beets succeed in Michigan; that it was an artificial and exotic industry in the Northern States. I wish to file a table derived from A. Boucherau's statement of sugar crops made in Louisiana. This shows that the total yield of beets in tons in 1853 was 204,000, and that in that year 86 per cent of the total world's sugar supply was from cane. Let me read these figures, showing the increase in the beet

sugar from that time up to the present, and showing the per cent of the world's supply derived from cane.

In 1860, total yield of beets, 351,000 tons; per cent derived from cane, of the total world's sugar supply, 78.6. In 1865, total yield of beets, 627,000 tons; per cent from cane, 69.8. In 1870, 900,000 tons from beets; 62.9 per cent from cane. In 1875, 1,219,000 tons from sugar beets; 54.3 per cent from cane. In 1888, 1,748,000 tons from beets; 52.2 per cent from cane. In 1885, 2,223,000 tons from sugar beets; 51.2 per cent from cane. In 1890, 3,710,000 tons from beets; 45 per cent from cane. In 1895, 4,314,649 tons from beets; 40.7 per cent from cane. In 1900, 6,145,853 tons from beets; 35.6 per cent from cane.

On that basis the business men and farmers of Michigan introduced the industry into the State.

The industry has grown in Michigan. The next table shows that in 1898 there were 4,200 acres in the State devoted to beets and 1 factory. In 1899 there 27,500 acres of beets and 7 factories; in 1900 there were 31,000 acres devoted to beets and 9 factories; in 1901 there were 66,400 acres devoted to beets and 13 factories. That shows the growth of the sugar-beet industry in Michigan.

Michigan soils are all of glacial origin, and practically the whole lower Peninsula is adapted to beets. I have a map here, and on that map I have indicated the location of the factories already in existence by a round, blue spot. I have indicated by crosses the places which I have visited personally. I have found the farmers are intensely interested in this industry. As superintendent of institutes I am in communication with about 40,000 farmers in the State.

I am authorized to say for them that every Michigan farmer, whether directly growing beets or not, is interested in this question, and the vast majority of them, petitions to the contrary notwithstanding, ask you and ask the Congress of the United States not to do anything which will embarrass this industry. All through the State the people are aroused and interested in this beet-sugar business. Remember this is a thing that has been of considerable expense to the farmers and to the station. The farmers were suspicious, were slow to go into it, and yet the lower Peninsula will support sixty factories as soon as the industry can grow in a healthy way.

In the sections of the State where the beet industry flourishes farmers are learning how to grow economically larger yields of beets, rich in sugar. As a farmer myself, and interested in farming, I am glad to say that we have there a more intelligent method of farming about other crops now that sugar beets have been introduced, the beets appearing as one factor in a four-year rotation of crops. Last year the money paid to Michigan farmers for beets was within a small fraction of half as much as they received for their wheat in 1899. So rapidly has this exotic and artificial young giant grown! I am glad to report, too, that all the small merchants say that they are now being paid cash for the goods they furnish the farmers. The merchants are able to buy their goods for cash, too, and all the small merchants are begging you not to do anything; that your obligation to them is just; that you ought not to do anything which will imperil an industry which is helping them.

Laboring men, too, and the laboring women are finding profitable employment in this business. If some of you knew how difficult it

was to get a hired girl in some of the sections of the State where these factories are located you would appreciate how this industry is giving employment to everybody. Everybody that wants work can get it, not only in the towns where the factories are located, but in other small towns, because beets are shipped largely by rail.

I have here a table showing the cost of an acre of beets. I have come across this pamphlet of Mr. Stewart's, whose figures do not exactly agree with mine, because they are predicated on different statistics. I make the cost of an acre of beets as follows: Rent, \$5; seed, \$2.25; plowing and preparing the ground, \$4.95; thinning, \$5.50; cultivating, \$5; hoeing, \$4.13; lifting, \$1.38; topping and pitting, \$6.87; hauling, \$5.50. That makes a total of \$40.58.

We have grown about 40 acres of beets off and on for experimental purposes on the college farm, and I tell you that thinning is a beastly job. There are 11 miles of row in an acre of beets, and some poor fellow, with a backbone that becomes emphatic, has to get down and thin that row of beets. There is no machine for doing that work; it has to be done by hand, there is no other way. I hope we will get machines that will do that work, but I do not see how we can lower the cost of thinning very much at present.

The receipts on the average were 9 tons of beets at \$5.20 per ton, \$46.80.

The profits, I make it, are \$6.22. I want to say that this is compiled without access to my notes.

Some of the facts influencing the cost of beets are as follows: Remember in this industry, as in every other agricultural one, the profits are measured by the intelligence of the man who runs the business. Six dollars and twenty-two cents, however, is the average profit. More intelligent methods of culture will produce larger yields and richer beets at little greater cost per acre.

The utilization of the by-products, the pulp and molasses, will be a source of profit, and at the same time tend to maintain the fertility of the farms.

I am feeding a lot of steers that pulp, and I am ready to testify that it is producing something like 3 pounds per day per steer; that is what they are gaining in weight, which is something unusual. The output of pulp in 1901 was something like 300,000 pounds, I think. Three hundred thousand pounds, at 90 pounds per day, would feed for the 200 days of winter over 30,000 steers.

Of the molasses the output was approximately 12,000 tons. This is now partly used in the manufacture of alcohol. When mixed with ground cornstalks it makes an excellent fattening product. When these products are fed on the farms the yield will be maintained or increased, and the cost reduced. We shipped last year 40,000 tons to Germany to be mixed up and fed to their steers. I shall welcome the day when we shall utilize this by-product to feed Michigan cattle, and when we do we will be able to produce feed at a less cost per ton.

American ingenuity may produce a machine for lifting and topping the beet at one operation. I think if you have a mile and a half to haul and have 9 tons to the acre, it will cost you about \$12.50 an acre to get those beets from the row to the car or the factory, a mile and a half away. You see, they have to be pulled and the dirt knocked off and tops cut off, and then assorted in the wagon, or piled and hauled away. That job of topping and cleaning is the most onerous one about

the production of beets. Those are the factors that tend to make the cultivation of the beet cheaper. On the other hand, as the soil's fertility is depleted the cost of fertilizers is an item of considerable size on the debit side of the account, and may take up all the increase in profits made by the factors just mentioned. I do not know whether that will prove to be true or not.

Finally, it is true that the Michigan farmers would not raise beets at a price less than \$4.50 per ton of 12 per cent feed, and from the above statement that a reduction in price will not be accepted by them for some years to come. Let me say, in conclusion, that the farmers of Michigan are practically a unit. I receive every day from my institutes—we are holding something like 255 of them—resolutions from those farmers, addressed sometimes to the President of the United States and sometimes to Congress, stating that nothing must be done that will take away this industry which is making the homes of Michigan happy, which is blessing the laborers and making their homes attractive, and which is helping the business men in a small way in the smaller villages.

STATEMENT OF MR. THOMAS B. CUTLER,

Vice-president and general manager of the Utah Sugar Company, Utah.

MR. CUTLER. Mr. Chairman and gentlemen, I have been in this business eleven years. We built the first factory in Utah, from American-made machinery, the first one that had the American-made machinery in the United States. This was built in 1891, that being the first year we operated it. We have been quoted, and the beet-sugar people generally concede, that the Utah Sugar Company's business has been as prosperous as any one of the factories in the United States, and I desire to show that this prosperity has been caused wholly by local reasons.

This industry is a very desirable industry for the Rocky Mountain districts because we are inland, 1,000 miles from the Missouri River and 900 miles from the Pacific coast. Any overplus of materials we raise must pay a very large freight to reach San Francisco on the one side or to reach the Missouri River on the other. There is also another reason, and pardon me for referring to it. Utah has rather been known in the past on account of her marital relations, and Mr. Stewart made use of the argument that there were five in a family to cultivate beets in Michigan. I think Utah statistics show that there are about six and a half persons to the family on account of the number of children, and the local conditions spoken of by Mr. Stewart—all the family being employed in the culture of beets—apply to a still greater degree in Utah. By reason of this small labor we are in a good position so far as the labor question is concerned.

I desire to call to your attention these local conditions because of the reputation my company has had for paying dividends and to tell you why we have been able to do so.

The first year we only made about 1,000,000 pounds in sugar, from about 12,000 tons of beets, the polarization of those beets being only 9 per cent. We therefore only retained about 5½ per cent, the balance being a loss on account of the foreign matter in the beet. We have grown from that until the season just past, which has perhaps been

our best season, and we have obtained 79,000 tons of beets, adding a polarization of 15.24 per cent, and obtaining therefrom 235,000 pounds of granulated sugar. Mr. Oxnard answered some questions this morning in regard to some of his statements that had been published, in which it was said that the beet, the working of the beet, did not cost more than \$7.

I desire to call your attention to this fact. That after eleven years it cost us last year \$8.06 to manufacture and pay for 1 ton of beets—those beets being paid for on the basis of \$4.24 a ton of 2,000 pounds. We have worked up a ton of beets for \$7.87 in previous years, but we raised the price of beets last year 25 cents a ton, and the increased price of materials has also increased the price of working up the ton of beets. Therefore we have not increased pro rata the working of a ton of beets with each year. But we have reduced it each year, because on the basis of a former year's work those beets would have cost us—and the work—\$8.50.

The argument has been made by Mr. Stewart that sugar can be made after a while in competition with German sugar. I fully believe, after eleven years' experience, that that will be brought about by the intense cultivation of the soil, the increased polarization of the beet, and a great many other influences. For six or seven years I never raised a beet that would average more than 13 or 13.30. We had one last year 15.88, or nearly 16 per cent. There are also increased methods of extraction. Extraction has been reduced; that is, we have obtained, as I remarked, 235 pounds of sugar. There has been better work than that done. One year we got it down to about 3 per cent loss, but that is an extreme and everything was conducive to the extraction of the sugar in the beet that year.

The average cost to us for the last five years is as follows: 1897, 4.51 cents; next year, 4.46; next year, 3.55; 3.55 and 3.42 cents the past season; averaging 5.86 cents for cost of the sugar per pound. But the conditions by which the Utah Sugar Company has been able to make money have been purely local. We have the freights in our favor now, until we make more sugar than the Rocky Mountain districts can consume. I have been hearing about the price of sugars from the different factories. We have had an average for five years of 5.76 net, with the cost production 3.86, meaning that we have had 1.50 profit for five consecutive years, because of the local conditions. But providing that we were making more sugar than the surrounding States, which we can reach easily and cheaply, could consume, if we were to make more than those States could take from us, the freights then would be reversed and it would make a difference of at least 1 cent per pound. For instance, the price in Utah is 4.95. If I take that sugar to the Missouri River on the lowest freight rate possible it would only net me 3.98. It will be readily seen that sugar costing 3.96 on the average and costing that much freight to get it to market, selling, after the freight is deducted, for 3.98, would not be very profitable; there wouldn't be much profit in it.

To raise 15 tons of beets per acre is \$13.75. If you raise only about 12 tons per acre the price would be reduced about 10 per cent—not more, because a larger item than this would be harvesting and hauling. Thirteen dollars and seventy-five cents is on a 15-ton basis. The last crop averages about $11\frac{1}{2}$ tons per acre, the price paid being 4.75, and the little freights that we pay to assist the farmer bringing the average cost up to 4.84. Statements have been made by my friend

here relative to their different conditions, and I thought it advisable to present these conditions existing in Utah.

There is a by-product connected with this industry which is remunerative. I refer to the pulp, which is worth about 30 cents a ton. We have also gone into the raising of seed quite extensively, and with the addition of some land that is well irrigated in Utah I am hoping to make a revenue out of the raising of seed. The largest amount of tonnage has been 40 tons, which is at the rate of about 1 ton per acre. I have raised that much seed of very excellent quality, and I think that there is a future for this industry besides sugar. The pulp will be a source of revenue, and this will be more and more the case as the people begin to understand it more. For the first few years we gave it away and was glad to get rid of it.

This is the only by-product we can utilize to our profit. So the only sources of revenue would be the sales of sugar and what little we get from pulp.

The CHAIRMAN. Are your lands irrigated lands?

Mr. CUTLER. Yes, sir; all of them.

The CHAIRMAN. Do you sell most of your output in Utah?

Mr. CUTLER. Yes; in Utah and Idaho and Montana.

The CHAIRMAN. You, of course, are largely protected by freight?

Mr. CUTLER. The heavy freight rates from New York and the Pacific coast.

Mr. SWANSON. Have you examined the conditions under which beet sugar is raised in Germany and as to whether the advantages there are superior or less than the advantages are here for raising beet sugar?

Mr. CUTLER. I have gone over there and examined the situation, and I believe in time we can compete with the Germans and make sugar for as small a price as they obtain for it to-day.

Mr. SWANSON. What are the advantages and disadvantages of this country as compared to Germany?

Mr. CUTLER. The more particular advantages, especially in the West—I am not acquainted with the East very well—are that our lands are virgin lands. They have not been washed away by the rains, and so on, and to prove that, we have had beets, I should say, on at least 1,000 acres for 11 consecutive seasons, doing no fertilizing except the natural fertilization that comes from the horses and cows, and so on, and the plowing in of the beet tops. They are more valuable as a fertilizer than anything else. Another thing is the climatic conditions out there, and I presume it is the same thing in Michigan. We have cool nights, which gives us the sugar in the beet at the time it is needed. There is also a question in regard to the value of lands. I find that our lands are not nearly as valuable, though they have raised 50 per cent, at least, and they will still raise in value. Still, they are not valued as high as they are in Germany, generally. I saw beet-seed lands in Germany which were quoted to me at \$1,500 per acre. That seems to be an excessive price, and I could scarcely believe it, but on some of the best seed farms as high as \$1,500 per acre was asked, and they could have obtained that price for those lands.

Mr. SWANSON. What are the advantages and disadvantages of beet sugar in this industry as compared with the cane sugar in Cuba?

Mr. CUTLER. That I am not particularly prepared to say; only this, that it is an industry that gives employment to such a diversified people. Besides that it is an industry particularly adapted to the West-

ern States, where they are far from markets, as it were, and where there is a large amount of labor to be had.

Mr. SWANSON. Do you think the time will ever come when the beet-sugar industry of the country can successfully compete with cane sugar in Cuba under equal conditions?

Mr. CUTLER. If you give us time, I think we can.

Mr. SWANSON. How long a time do you think it will be before that condition will result?

Mr. CUTLER. You naturally ask the question: "You have been eleven years in the business, why haven't you progressed more rapidly?" We were almost alone, at first. Mr. Oxnard and one more California factory were almost alone, and I was struggling along, not only with financial difficulties but climatic conditions and adverse soils, and the people were not acquainted with the industry. But they took to it very aptly, and after three years we began to make very rapid progress. There will be more progress made in the next three years than there has been in any ten. I can prove that, because we have made more rapid progress in the last two years than in any ten years before. That has been brought about largely by the incentive that has been given to the farmer to raise the beets. They have just caught on, as it were, and it is a very profitable industry in the West. I should say, give us ten years, and we would make a perfect success and be able to make sugar as cheap as it is made in Germany.

Mr. SWANSON. You heard Mr. Oxnard's statement that he would prefer annexation and its consequent competition to a very large reduction of the duties on raw sugar from Cuba. What are your views as to that—which would be the less injurious to the beet-sugar industry?

Mr. CUTLER. I do not think I have fairly studied that and would not care to answer that just now.

STATEMENT OF MR. HEYWARD G. LEAVITT, OF LEAVITT, NEBR.,

President of the Standard Beet-Sugar Company of Leavitt, Nebr.

MR. CHAIRMAN AND GENTLEMEN OF THE COMMITTEE: I have the honor of appearing before you to-day to plead the cause of an industry to whose establishment and development in the United States I have devoted the past thirteen years of my life; whose progress, yes, whose very existence, is now threatened by a proposed extension of our protective system to a foreign and great sugar-producing country.

In the spring of 1889, having interests at Grand Island, Nebr., and wishing to advance the welfare of that city and its surrounding country, knowing further that the Oxnards were then seeking a location for their first beet-sugar factory, I distributed beet seed among the neighboring farmers, with the instructions necessary for making a test of sugar-beet raising. The season was a favorable one and the results of the test so satisfactory that the machinery purchased, as was then necessary, in Europe, and destined for California, was shipped to Grand Island instead, and the first factory was thus built in Nebraska in time to work up the crop of 1890.

Recognizing, thus early, that the question of the successful establishment of the beet-sugar industry in the United States was purely an agricultural one, I purchased a large farm in the vicinity of Grand Island, and started raising beets, in connection with general farming, selling my crop to the factory under the same contract and terms as all other farmers. For the next eight years I lived in my fields, from

morning till night, directing the work personally, teaching the men how to bunch and hoe the beets, and the women and children how to thin them out. I sought to apply to the growing of beets and other crops, to their rotation, and to the preparation and cultivation of the land, the modern methods of scientific and practical husbandry.

I was aware of the high state of cultivation into which farming lands had been brought in Europe, particularly in the beet-growing districts, as also of the low price and efficiency of the hand labor there employed in the field, but I discovered only too soon the great inefficiency of the "man behind the hoe" in America. Intensive farming was a thing almost unknown in this country. The problem, then, was to accord the requirements of the European sugar beet with the different conditions of soil, climate, husbandry, and, chief of all, of labor existing in the United States; to substitute, as far as possible, cheap horsepower for the cheap hand labor of Europe; a suitably devised horse-cultivator for the laborious hoe.

The farm-implement manufacturers of America were quick to see their opportunity and to send their designers to my aid, several of whom spent many weeks on my farm. There the rough model of nearly every form of implement now used for saving labor in the beet field was first worked out and given its trial tests. I will not weary you with a history of my struggles nor of the innumerable and often unexpected obstacles I had to meet and overcome. Suffice it to say that I lost over \$40,000, and that it was four years before I succeeded in raising beets at a profit at a price that the factory could afford to pay for them. The cost of laying by an acre of beets until harvest time, which in 1890 was \$48, I reduced in 1896 to below \$15 per acre.

During the same time, by reason solely of the better farming that the raising of beets had taught me and of the better condition into which their cultivation had brought my land, I *increased* my yield of winter wheat from 13 to 31 bushels per acre, and *reduced* the cost of growing and putting the wheat on the cars from over 45 cents to 20 cents per bushel. The same thing was true in a lesser degree as to other crops. In Europe the increased yield per acre of all other crops has been from 30 to 50 per cent in those districts where the cultivation of the sugar beet has been introduced. In this country, owing to the greater margin for improvement in farming methods, the increased yield would be much greater, and would often exceed 200 per cent per acre.

Let me point out to you, gentlemen, what these results and figures signify. They mean that if the United States were raising enough beets to supply the greater portion of the sugar it consumes, one of the direct results therefrom would be that the average cost to our farmers of producing their wheat would be reduced fully 20 cents per bushel. On the basis of the past season's crop this would mean an additional profit to the farmers of America of \$120,000,000 on their wheat crop alone. It would mean further the ability to meet for all time to come, at a large profit, the increasing competition of Russian and South American wheat in the markets of the world. It would mean, moreover, cheaper flour for every laboring man in the United States.

But how about corn, the great staple of American husbandry? Gentlemen, if the better and more intensive farming—the deeper plowing, the more thorough preparation and cultivation of the soil, the reten-

tion of soil moisture, and the scientific rotation of crops—were even partially understood and practiced in America as they are in Europe to-day, there is hardly an acre of good land that would not yield double the number of bushels of corn that it does to-day. All this and much more the beet-sugar industry will accomplish for our country, if encouraged at present and allowed to develop to its fullest extent. *for the cultivation of the sugar beet is the greatest educator of the farmer in the world.*

Do you wonder, therefore, at the extreme measures that Germany and many other Continental nations have established and maintained for years to develop this industry in their own countries? How puny, indeed, are the benefits offered our farmers and manufacturers by the Cuban delegates, by the whole market of Cuba, in exchange for the surrender, in whole or in part, of our own domestic beet-sugar industry just now ready to expand into rapid growth.

But someone may ask, If what you relate be true, as to your own success in reducing so largely the cost of raising beets, what need of maintaining longer the existing tariff in full to enable the sugar factories to pay the present high prices to the farmers for beets? Surely the existing factories, or the farmers, or both must be making too large a profit at the expense of the sugar consumer. At any rate why not let down the bars to Cuba and give her some portion, at least, of the protection you are enjoying? How, moreover, could any reduction of the duty on sugar coming from Cuba, and applying to raw sugar only, affect the price of refined sugar in the United States, when its best sugar factories turn out only the refined product?

I would reply, first, that my own experience furnishes merely an example of what hard work, study, and perseverance, coupled with a love of the garden and the farm, has accomplished in an individual case; that the results given are far below those reached as yet by the average farmer, and necessarily so; but that what one has done with difficulty hitherto will in time be attained with ease by all. Briefly, that the same farmer who can not to-day grow and deliver his beets to the factory at \$5 per ton with profit to himself will in time be satisfied with his profit at \$3 per ton.

The enemies of the American beet-sugar industry, particularly those who see in its development a menace to their hitherto undisputed control of the market for refined sugar in the United States, have joined the cause of the Cubans, and coincidentally have appeared for the first time as concerned in the welfare of the American consumer of sugar. Through a subsidized press, through trade circulars, through every channel their money or influence could open, they have spread the report from the Atlantic to the Pacific that the beet-sugar factories were making fabulous profits, and hence no longer needed the protection of the existing tariff, and that it was due to their greed alone that they were preparing to oppose any reduction of the duty on Cuban sugar.

Taking advantage of the general lack of knowledge in this country of the beet-sugar industry and of the varying conditions surrounding it, by employing false arguments, by stating only certain facts and figures while withholding others, and often by gross misstatement, these new-born friends of the American consumer, these owners of plantations recently acquired in Cuba, have won over many newspapers they could not buy, and have created a false sentiment in their favor and a prejudice against our cause not only in the community at large,

but in the minds of many members of Congress, whose natural sympathy and judgment would otherwise favor a home industry and the preservation of an American market for an American product. These same enemies of our industry, having learned that every beet-sugar factory in the United States was going to furnish to your committee a sworn financial statement of its operation from start to finish, and thus give the lie to *their* statement of the profits the factories were making, have now changed their point of attack. They have paid emissaries and through a subsidized local press and by stirring up the farmers in the beet-growing districts of Nebraska, particularly in my own State, Nebraska, to send delegates to Washington to protest to Congress that the factories are not paying farmers enough for their beets, and that Congress therefore should punish the factories by letting in Cuban raw sugar free or at a reduced duty. Possibly their purpose may be to try to establish the argument that the beet-sugar business after all is of no benefit to the Western farmer, or to create such a belief in the community, and doubtless that is the reason they have selected a region which was most stricken by the drought of last summer, and where the fabulous price of corn to-day would most likely turn farmers from raising beets.

Let us analyze for a moment the position of our opponents. They assert, on the one hand, that the factories are coining money and no longer need protection; on the other, that the farmers will not raise beets for the factories because at the prices paid them there is no profit in it. Can the factories "make bricks without straw," money without paying enough to secure their raw material? There are many factories short of beets; in fact, not one is running to its full capacity. The more beets they can obtain, the greater would be their profit. Be assured, therefore, that they are paying the highest prices for beets that the existing low price of sugar will allow, and that if they can not secure a full supply, it is because they can not afford to pay more. Any other policy would be suicidal. How, then, could the farmer benefit himself by advocating, as his friend the Sugar Trust advises, a reduction of the tariff, confined, mind you, always to raw sugar? How could lower duties enable the factories to pay the farmer more for his beets? Nothing would give me more pleasure than to meet before your honorable body this delegation of farmers that the Sugar Trust is trying to organize in my State and bring on to Washington.

That many farmers fail and become discouraged in trying to raise beets for the first time, where one succeeds to-day, I do not attempt to deny, but nearly all who persevere succeed. Continue the protection that the Republican party has given us, and pledged in its last two national platforms to maintain, and before long many farmers will succeed where one fails to-day.

No one appreciates this fact more than Mr. Havemeyer.

Each new factory established has encountered, and will still encounter, new problems to solve of soil, climate, and husbandry; the results of one season differ often so widely from those of the succeeding season in the very same locality that progress is necessarily slow, *unfavorable climatic conditions, when they occur, being intensified many fold by agricultural shortcomings.* A factory fortunate enough in its first year to hit upon a favorable season will hold its growers and secure its beets through succeeding bad ones, while an unfavorable season the first year, with its consequent discouragement to inexperienced

growers, will postpone for several years the profitable establishment of a new factory.

However, each year wider experience is being gained both in the field and in the factory, a larger number of people is being trained and made available as workers in both, and each new factory put in operation is rendering less difficult the task of establishing the next. *For* let us examine for a moment the testimony of the Cuban delegates *for* their allies in its relation to the agricultural side of our discussion. First, in reference to the all-important price of labor in the cane fields of Cuba, for, as Mr. Atkins and others correctly stated, labor comprises there nearly the entire cost of producing sugar. This testimony clearly shows that while the wages paid vary in different sections of the island, 75 to 80 cents per day represent the average price to-day; that despite recent large importations of laborers, work is so abundant in Cuba that wages now are at an abnormally high figure. Of course, the majority of laborers, having worked all their lives in the cane fields, are thoroughly skilled in their work. Out West, the lowest price at which we can secure laborers in the best fields is \$1.50 per day, to which must be added the cost of getting them to and from the fields, or an average of 10 cents more per day. Many, often the majority, of these laborers have never worked in a beet field nor handled a hoe before in their lives.

It can be seen, therefore, at a glance that *the price of field labor is fully 100 per cent greater in the United States than in Cuba*, according to the testimony of the very men who have come here to plead her cause. At the same time there is a still greater difference in the cost of field labor here, owing to its inexperience.

This difference in both the price and the cost of field labor is strikingly illustrated in the difference in the cost of producing and delivering at the factory 1 ton of cane in Cuba and 1 ton of beets in this country. Mr. Atkins testified that a ton of cane, containing about 14 per cent of sugar, cost him \$2, while a ton of beets, containing only 12.04 per cent of sugar, cost my factory in Nebraska in the season just ended \$4.66, and *the cost of beets per each pound of sugar produced was 2.238 cents*. Estimating an extraction of sugar in Cuba of only 11 per cent of the weight of the cane, a low production from cane containing 14 per cent of sugar, we have 220 pounds of sugar 96 per cent pure produced from each ton of cane costing \$2, or *a cost of cane per each pound of sugar produced of 0.901 cent*.

I wish, gentlemen, that time might be accorded me to review the whole Cuban testimony from an agricultural standpoint, but others are waiting to be heard. The one item, however, which I have cited is in itself enough to show that the entire advantage we enjoy over Cuba in the existing tariff is only barely sufficient to counterbalance the higher cost of *field labor* in the United States.

They have admitted that our sugar market is open to Cuba to-day, and had always been, at an advantage over any other foreign nation in the world; that nearly every pound of Cuban sugar not consumed at home is sold to the United States; that under similar conditions Cuba can produce sugar "cheaper than any other country on God's footstool;" and, lastly, that the only cause of their threatened distress—there is none actually existing, they say—is the abnormally low price of sugar in the markets of the world.

Therefore, if the Cuban sugar industry is about to suffer, so is our own domestic sugar industry, and from the same causes and to an

equal and even greater extent, as an examination of the books of the Cuban and American factories would prove to every member of this committee beyond the shadow of a doubt.

To complete the answer to the questions I propounded in the early part of this discussion I must turn now from the beet field to the factory.

That you may not ask, "What does a farmer know about making sugar?" permit me to say that I was a classmate of Mr. Henry T. Oxnard at Harvard University; that he has always given me free admission to his factories and access to their books.

I have never had a dollar's interest in any of Mr. Oxnard's enterprises, nor he in mine.

In January, 1899, I organized the Standard Beet Sugar Company and have been its president since. We have only one factory, of a present capacity for slicing about 600 tons of beets per day, situated at Leavitt, Nebr., and thoroughly up to date in every particular. The entire plant, without land, cost a little short of a million dollars, and our stock was issued dollar for dollar, paid in in cash. I have been in practical charge of the factory during its three seasons of operation.

The following is a comparative statement of the results of the last two seasons:

STANDARD BEET SUGAR COMPANY.

Comparative statement of campaigns 1900 and 1901.

	1900.	1901.
Date of starting factory.....	Oct. 6	Sept. 21
Number of days in operation	97	77
Tons of beets sliced.....	36,440	37,985
Tons sliced per day, actual running time	440	524
Tons sliced per day, calendar time	376	492
Cost of beets	\$143,558.31	\$177,121.43
Cost of intercampaign expenses	38,648.32	61,814.58
Cost of labor—operating	47,128.27	40,975.14
Cost of supplies—operating	61,269.98	47,687.79
Total cost	290,604.88	327,098.89
Net value of sugar produced.....	\$272,343.28	\$369,461.65
Quality of beets:		
Sugar content.....per cent..	9.59	12.04
Coefficient of purity.....do..	71.91	76.48
Granulated sugar sacked.....pounds..	4,917,200	7,911,300
Pounds of sugar per ton of beets.....	139.2	206.4
Extraction, per cent of sugar introduced.....	77.95	90.70
Average cost of sugar per pound.....cents..	5.91	4.134
Average net selling price per pound.....do..	5.325	4.67
Intercampaign expenses per ton of beets.....	\$1.06	\$1.614
Cost of beets per ton	3.94	4.660
Cost of supplies per ton of beets	1.68	1.255
Cost of labor per ton of beets	1.29	1.078
Total cost per ton of beets	7.97	8.607
Value of product per ton of beets.....	\$7.41	\$9.727
Net loss per ton of beets sliced.....	\$0.56	.....
Net profit per ton of beets sliced.....	.....	\$1.12
Coal consumed per ton of beets.....pounds..	592	368

NOTE.—More than half of the past season's product is as yet unsold, but it was figured in the statement above at the market price on the dates the sugar went into store. The present market price is lower than any of these, and consequently the net value of sugar produced and profit for 1901, as above shown, would have to be considerably reduced if our product were marketed at current prices. We were forced to store because of the special cut prices made in our territory by the American Sugar Refining Company. No charge has been made for depreciation of plant in either year's accounts.

You will notice that these figures differ somewhat from those of my report to our stockholders of December last, a copy of which is already in the hands of some of your committee, for the reason that the latter were partly estimated, while the above are final. I have not given the figures of our first campaign, as I did not think it fair to use them, as only 10,000 tons of beets were sliced, and the run practically amounted to no more than a trial test of the factory.

I submit herewith a balance sheet of our company of January 1, 1902, a record of the prices at which the sugar we still have on hand was taken into "sugar in store" account, which prices you will observe are considerably above the present market price; also a memorandum of the amount of sugar, 45,000 bags of 100 pounds each, unsold on the date of the statement. From the above you will see that the profits of the last two years have been \$10,000 short of meeting the 6 per cent interest on our outstanding bonds, which amount to \$350,000 and represent only 35 per cent of the actual cost of the factory.

The most prosperous factory in the United States to-day, that of Lehigh, Utah, went through a similar though worse experience in the first three years of its existence.

The beet-sugar factories before this hearing is ended will have put your committee in possession of every fact and figure connected with their industry. Permit me to ask you if you were able to extract any such information from the Cuban manufacturers last week.

If my memory serves me correctly, Mr. Atkins testified that his sugar was costing him about 2 cents per pound to produce. Gentlemen, I wish to make the assertion that Mr. Atkins has for the last two seasons produced 96° centrifugal sugar on his plantations in Cuba at a cost of under 1½ cents per pound. I desire, further, to challenge him to furnish to this committee itemized statements, to be sworn to by him, as to this cost, and to permit you to make expert examination of his books, as I gladly invite you to examine those of my own company.

I base my statement above on figures shown me twelve years ago by Mr. Atkins, showing a cost then of under 2 cents per pound, on the knowledge of the progress he has made since both in his fields and factories, and on figures given me by his friends and associates in Boston. A gentleman in New York who is interested with the Howells and other members of the Sugar Trust in the ownership of what is, I believe, the largest plantation in Cuba told me recently that they confidently expect to turn out sugar as low as 1 cent per pound when they get into full operation.

If, however, the average cost in Cuba of 96° sugar be taken as high as 1½ cents per pound, and contrasted with an actual average cost of granulated beet sugar in American factories of over 4 cents per pound (the cost last season at my factory was 4.134 cents per pound), no further argument is needed to show that the Cuban planter after paying the full Dingley tariff is at least as well off in our market as the American producer of beet sugar.

Let us turn now to the last phase of the question: Could a reduction on Cuban raw sugar affect the price of refined sugar in America to the detriment of the beet-sugar factories, and would such a reduction inure to the benefit chiefly of the Cuban planter or of the Sugar Trust? Manifestly, if the contention of our opposing witnesses here last week be true, that a certain average margin of 1 cent per pound is main-

taffed by the Trust between the cost of raw and price of refined sugar in our market, there would be no reduction in the price of refined sugar until the increased amount of raw sugar coming from Cuba had reduced its price.

But wait a minute, my Cuban friend, the independent planter, for whom we have true friendly regard! Has it never occurred to you that, when you are ready to sell your raw sugar, the plantations in Cuba controlled by the Trust could, by offering down their sugar in the American market, force you to meet their prices and thus relinquish the greater part, if not all, of the benefit you expected to receive by reason of the reduced duty? It would be absolutely immaterial to these plantations what price they might realize for their raw sugar, for they would be selling to themselves in New York in the person of the Sugar Trust. In this manner the Trust would capture at a reduced price a large portion of the crop of the independent planters, and put into its own pocket nearly the entire amount of the tariff reduction intended to aid Cuba.

NOTE.—The figures given below are based on the market prices in New York and Hamburg, on January 21, 1902. If those prices are not correctly quoted as of that date, the detailed calculation submitted herewith will enable anyone to make the proper correction of the alleged difference on that date stated below.

The established commercial difference in value between 96° centrifugal cane sugar and 88° "rendement" beet raw, recognized by the American refineries in the purchase of their raw sugar, is 19 cents per 100 pounds. The value accordingly to-day, in the New York market, costs and freight and duty paid, of 96° centrifugal cane sugar based on to-day's Hamburg price—6s. 9d. per 100 pounds avoirdupois—of 88° "rendement" (94.5 per cent polariscope test) German beet sugar is 3.69. The actual price to-day in New York of and which the Cuban planter is receiving for his 96° centrifugal cane sugar, costs, freight, and duty paid, is 3.37 1-2, or 31½ cents per 100 pounds below the equivalent price of and which the Trust would have to pay for German raw sugar, or 4½ cents per 100 pounds below the entire amount of the countervailing duty. *In other words, the Sugar Trust has to-day extracted from the Cuban planter more than the entire amount of the countervailing duty of 27 cents per 100 pounds, existing in his favor in our market.*

What more timely or conclusive proof of the Trust's control of the market for Cuban raw sugar, and Louisiana sugar as well, or of both its purpose and ability to secure to the same extent for itself alone the reduction of duty asked of Congress for the benefit of Cuba.

Only one other conclusion is possible from the fact cited above, namely, that the Cuban planter on January 21, 1902, was voluntarily giving away the entire advantage of the countervailing duty existing in his favor in the Dingley tariff.

But, argues the American consumer, the Trust would surely in such event, having secured its raw material cheaper, lower the price of refined sugar, and we as consumers should be benefited in any event by a reduction of Cuban duties, even if Cuba was not.

Let me call your attention, in reply, to the fact that during the entire period raw sugar was coming into this country free from Hawaii at San Francisco the Pacific coast was by 1 cent per pound the highest market for refined sugar in the United States, and not until the competition of beet sugar made itself felt there did the Trust lower its

price. "Unless the leopard has changed his spots," the Trust would maintain the price of sugar in its undisputed markets, and secure there the greater profit afforded it by the reduction of duty on Cuban sugar. *This extra profit would enable it, without any additional loss, to extend another season its method recently employed on the Missouri River of trying to destroy the beet-sugar factories by selling granulated sugar in their markets at less than the price of raw sugar in New York, while maintaining full prices for refined sugar elsewhere.*

At this point, permit me to review a few additional features of the testimony given on the Cuban side. First, as to the disinterestedness of Mr. Thurber's testimony. You will doubtless recall that he has several times appeared before this committee in the past as an advocate of the interests of the Refiners' Trust. Perhaps a lingering "tendresse" for his old associates will explain his action, as president of the National Pure Food Society of America, in circulating petitions in its name out West, praying Congress for a reduction of duties on *Cubian raw sugar* in order to reduce the price of *trust-refined sugar* to the American consumer.

Mr. Thurber was in Mr. Havemeyer's office in New York on Wednesday, December 18, 1901.

Mr. Atkins testified that he did not see how it was possible for the Sugar Trust or other speculators to have bought up any part of the present Cuban crop in anticipation of a reduction in the tariff, as the crop was not yet on the market. At the same time, another witness testified that the greater part of the crop was raised by advances to the planters. Would this not, then, suggest a means of practically buying the crop in advance, if desired? I am told by a gentleman interested in a large plantation in Cuba that much of this year's crop has actually been secured by speculators. Thus, a reduction of the duty would fail to reach this year, at least, the very class of planters it is designed chiefly to benefit.

To sum up briefly: To extend our protective system to Cuba, by even the smallest reduction in duty on raw sugar, at the present time, would be the greatest economic blunder this country could perform; it would be of certain and serious injury to our domestic sugar industry, of very doubtful benefit to Cuba, though of tremendous benefit to the Sugar Trust, and it would hinder Cuba from seeking new fields of enterprise and development. No country can ever be long prosperous or contented that relies upon a single crop and upon a single industry.

We have a parallel example in our own country in the State of Colorado, which thought herself ruined by the fall in the price of silver below its cost of production. With true American pluck she turned to new fields and industries, and was never so prosperous in her history as to-day. There is plenty of American, if not native, money and pluck in Cuba to develop new resources there while waiting, if necessary, for the sugar market of the world to readjust itself to a normal basis.

Before closing this address I wish to call your attention again to the absolute control by the Sugar Trust of the American markets for refined sugar, to the reasons for its existence, and the only way to bring it to an end. Both are comprised in the differential duty applying on sugars above No. 16 Dutch standard. This has been sufficient to enable the Trust to exclude practically every pound of foreign refined sugar from our markets regardless of the margin maintained

between raws and refined, and to enable it to pay large dividends on an enormously watered capitalization.

For the practical welfare and development of our home sugar industry, and in the best interests of the Cuban planter, I advocate and urge most strongly that this differential duty be removed from refined sugars coming from every foreign land. Such a measure would help Cuba more than any moderate reduction on raw sugar, be of no benefit, though of no injury, to the Sugar Trust, and be of the least possible harm to the producers of American sugar.

Why, then, have Mr. Atkins and other Cubans all failed to advocate a reduction of the tariff on sugars above the 16 Dutch standard and asked only for a reduction on raws? Surely, they can make and export "clarified yellows," if not granulated sugar, and sell these to the American consumer, if offered too little for their raws by the Trust.

Gentlemen, it has come to this, that this very differential duty, designed as much to aid the beet-sugar producers as the refiners of imported raw sugar, has become in the hands of the Sugar Trust the very means and instrument of compassing the ruin of its only rival. It enabled the Trust last fall to sell granulated sugar on the Missouri River, in the beet-sugar markets, at $3\frac{1}{2}$ cents per pound, and to make up the loss incurred by maintaining at the very same time a margin in New York and other Eastern markets of over $1\frac{1}{2}$ cents per pound between raw and refined sugars, securing thereby $5\frac{1}{2}$ cents per pound for its same product in those markets. The Western beet-sugar producers, meantime, are powerless to threaten or carry out retaliation, for they have neither the margin of profit to permit it, nor sufficient sugar as yet to render of any effect an invasion of the Trust's present exclusive markets.

This fight, this attempt to ruin our industry by destroying our markets, has at least been conducted in the public gaze by the sugar trust, in its own name. How different its mode of attack in our present struggle before Congress in behalf of the American beet-sugar industry! Behind the scenes, lending its powerful hand to every changing view, pulling the string of every puppet that plays its part in the game of deception is the most odious trust that has been created in or cursed this country. The Refiners' Trust, with its hundred millions of capitalization, increased within a year by a corruption fund of \$15,000,000, the football of the experts who manipulate its stocks, the "ignis fatuus" of the unwary speculators in Wall street, stops at nothing when its schemes of plunder are to be advanced. With officials whose ability is only exceeded by their impudent rascality, with agents whose experience is equaled by their prevaricating pertinacity, they hold to the belief that every man has his price, and assert boldly that the man is a fool who can not be bought.

We charge that by chicanery, fraud, and deceit, they seek that which is for their good and the country's ill at the hands of this Congress. They are able to deceive the elect, and the embodiment of their individual vileness, known as the Refiner's Trust, is the modern father of lies. Its emissaries are in Cuba coining the telegrams that flood the press, which is in many instances subsidized to do its bidding. Its agents are to-day in the beet sugar-producing lands of the West, lying to the farmers, poisoning their minds, and seeking by deception and misrepresentation to obtain the cancellation of the contracts for the coming campaign. Is there an attorney whose ability is pronounced,

of my twelve or thirteen years' experience in field and factory. We encountered local difficulties that we could not surmount at once.

Mr. LONG. Where do you sell your sugar?

Mr. LEAVITT. In competition with the American Sugar Refining Company and in the nearest market we can obtain. Instead of selling it this year we have stored a good deal of it.

Mr. LONG. What is the price to-day?

Mr. LEAVITT. 4.485 for beet granulated sugar on the Missouri River. The price of cane is a tenth of a cent higher. That is one of the discriminations. We have to take 10 cents per cwt. less for sugar that is equal to the American Sugar Refinery sugar in all particulars.

Mr. LONG. Do you know whether or not they refine a portion of beet sugar—

Mr. LEAVITT. Sometimes they do and sometimes they do not.

Mr. LONG. Does that go out into the market—

Mr. LEAVITT. You are perhaps using it to-day. Refined beet sugar is just as good as cane sugar; there is absolutely no difference. These distinctions are made by the Sugar Trust between different sugars, but there is absolutely no difference.

Mr. LONG. I observed yesterday that granulated sugar was quoted at 4.65 in New York.

Mr. LEAVITT. And they were paying 3.375 for Cuban raws and New Orleans raws. If they had had to buy raws in Europe they would have paid 3.69 for an equivalent amount of raw beet sugar.

Mr. LONG. Refined sugar in your country is sold for 4.585?

Mr. LEAVITT. Yes, sir. Last Fall if we had had to sell our sugar we would have had to accept $3\frac{1}{2}$ cents a pound. What did you say about the New York price of refined sugar?

Mr. LONG. The price yesterday I say was 4.65.

Mr. LEAVITT. No; the actual price yesterday was 4.41. You have to take .15 off and 1 and 1. The papers show the net price. We have 4,500,000 pounds of sugar in storage that I do not care to sell at these prices and that could not have been sold earlier.

There is one feature of the proposed reduction I want to call to your attention, because it emphasizes the swallowing up of the present countervailing duty on German sugar by the trust at the expense of the Cuban raw-sugar man. This is the way it is done: They are owners of plantations, directly or indirectly, in Cuba. They offer the portion of sugar produced on those plantations at any price they see fit in the New York market, without any regard to what the price may be, because they are the sole purchasers of it. In that way they force the independent planter to accept the price they put on it. Therefore the very man you are seeking to benefit in any proposed reduction would not be the one to get the benefit. The Cuban planter has no other purchaser to whom to turn except England, and his market there is not protected by any countervailing duty.

Mr. LONG. And you think none of this benefit would go to the Cuban planter?

Mr. LEAVITT. If the reduction were a moderate one, every bit of it, in my opinion, would go into the pockets of the Sugar Trust. As I have shown you by the figures I have quoted here, they have absorbed, at the expense of the Cuban planter and the Louisiana sugar-cane planter, $4\frac{1}{2}$ cents per hundredweight more than the countervailing duties against the German raw beet sugar.

Mr. LONG. Have you given any consideration to the effect on the sugar industry of Porto Rico if we gave her free sugar?

Mr. LEAVITT. It would be very beneficial.

Mr. LONG. The effect on the sugar planter there?

Mr. LEAVITT. Tremendously beneficial. Oh, if it is free sugar you are proposing for Cuba—I did not know that the proposition was to give free sugar to Cuba. If you do that it will build up Cuba.

Mr. LONG. What would be the effect of a 50 per cent reduction; what would be the effect on the Cuban sugar planter?

Mr. LEAVITT. He would get part and the sugar trust would get the rest.

Mr. LONG. What would be the effect with a 25 per cent reduction?

Mr. LEAVITT. The sugar trust in that case would get it all.

Mr. LONG. How do you explain that?

Mr. LEAVITT. Well, perhaps they would not get it all at 25. With 15 or 20 I think they would get it all. They have varied the margin between raw and refined from a minus quantity of .53 on the Missouri River to a plus quantity of 1.31 on the Atlantic seaboard, and during that time the imports of refined sugar were not increased.

Mr. LONG. Did you read Mr. Atkins's statement in regard to the cost of sugar being fixed at Hamburg?

Mr. LEAVITT. Yes, sir; and I have just proved that the price is not fixed in Hamburg as to a country producing cane sugar—that has to market its sugar in this country. There was a difference of 31½ cents per hundredweight against the Cuban planter yesterday in New York.

Mr. LONG. What, in your opinion, would be the effect on the price of sugar in this country if a reduction of 25 per cent on raw sugar coming from Cuba was made?

Mr. LEAVITT. It would be to give no benefit to the community at large in the price of sugar; but it would enable the sugar trust, by maintaining the present price of refined sugar in markets in which our beet sugar does not come in competition with them, to so increase their profits that they could use that increased profit to further extend their operations of last summer, of selling sugar at 3½ cents per pound on the Missouri River, or at half a cent below the cost of raw sugar in New York.

Mr. McCLELLAN. Do you not think the effect of that would be to create independent refineries in this country—or would it not?

Mr. LEAVITT. No, sir; it would be rather to discourage them.

Mr. LONG. What would be the effect of a 50 per cent reduction on Cuban sugar?

Mr. LEAVITT. The same as stated above.

Mr. LONG. What would be the effect of free sugar with Cuba?

Mr. LEAVITT. It would lower the price of raw sugar at once to almost the total amount of the duty taken off.

Mr. BLACK. Then you do not agree with Mr. Oxnard?

Mr. LEAVITT. I think you misunderstood Mr. Oxnard.

Mr. OXNARD. In what respect?

Mr. LONG. I wanted to know the effect on the price of sugar refined in this country?

Mr. LEAVITT. If you maintain the present differential or duty on refined sugar it would not give the consumer, except in the beet-sugar districts, any lower price on sugar for the moment, but it would probably stimulate the building of other refineries.

STATEMENT OF MR. AARON JONES, OF INDIANA,*President of the National Grange of Farmers.*

Mr. JONES. Mr. Chairman and gentlemen: I am president of the National Grange, an organization which has its branches throughout the United States and contains a membership of about 500,000 in the various States. It is an organization composed of farmers almost exclusively. Its membership is made up of all classes of political views and hence it is not partisan. This organization has State and subordinate branches. We are interested in seeing that the agricultural classes have legislation so as to give to agriculture fair opportunities of success in business, that agriculture shall have the same opportunities that other lines of business are given.

The National Grange has a legislative committee. That legislative committee is composed of Mr. Norris, of New York; Mr. Batchelor, of New Hampshire, and myself. We are here to see to certain legislation. We believe certain legislation will be to our interests, other proposed legislation we believe will be against our interests. We believe in the general principle that the lowering of the duty on the sugar would injure us, would injure all the farming interests in this country. I do not speak for any special classes of farmers. In 1890 we shipped abroad a little over \$800,000,000 worth of our products from the farms of this country. The same year we shipped in this country of all other agricultural products nearly \$400,000,000 worth, or nearly half as much as we shipped abroad. Now, we do not believe that it is for the best interests of our farmers or the best interests of the nation. We believe that every product that is necessary in our consumption, if it is possible to grow it upon our soils, should be grown here in our own country. That would reduce the foreign importation of these articles which is taking our money away, it would leave that money in our own country, for our own people, to use and to diversify our agricultural interests here.

This is the broad proposition which we have occupied. Now, as a farmer, I do not raise any sugar beets, have no interest in a sugar factory. I speak for the general interests of the farmers of the land and for the general prosperity of the country. If we could get the other farmers to diversify their business and withdraw from grain growing and from stock raising to some extent, and put their money into sugar-beet fields, that would be for their best interests, because that would reduce that much the competition in the growing of these other products. Then I believe another thing. This Republic ought to foster these industries on the part of agriculture, as it has fostered them in every other branch of industry in this country. We believe that is to the best interests of all, and, as has been the case in France, it will reduce the cost of sugar in this country in the end. We believe it would be very unwise so far as our farmers are concerned, and so far as the interests of the country are concerned, that we should have any lowering of the duty on sugar.

I did not expect to appear here, Mr. Chairman, I did not expect to speak, but my relation to the organization I represent, being chairman of the legislative committee, and this measure pending here, it seemed to me that I would be derelict to my people who sent me here to look out for the general interests of the farmer, if I should not take this

opportunity of saying a word on a question that is so vital to their interests.

So it would seem to me to-day that without reference to partisanship, without reference to whether the farmer is in favor of a protective tariff or free trade, that in this matter it is not to the interests of the farmers of this country that the duties should be lowered. In our organization, and in the meetings which we hold in the various portions of the country—and there are about 200,000 meetings a year altogether—and in the education we are giving through these meetings, we are demanding of the legislation of this country that the agricultural interests receive their just and due share of protection, and we enter our protest against the lowering of duties upon matters that are the products of our farms; we ask for the advantage of no class, but for the building up of the entire portion of God's moral vineyard, if you choose.

We believe that charity should begin at home, and then let it spread out—let these other fellows come in under the sunshine of this policy instead of our coming in under theirs. I believe any such lowering of the duty on sugar as is contemplated will cripple one of the most important industries that we have in our country, and thereby, incidentally, affect the pocket of every other farmer in this country. I believe, as a matter of fact, that the profit coming from agriculture is very much less than the profits accruing from the other industries—the general industries of our country. I believe this, and I believe it is clearly established that the great wealth-producing power in this country is the farmers. Statistics have shown the extent of the wealth of this nation which is annually produced from our farms. Now, the prosperity of every single industry in this country is advanced when you advance the interests of agriculture. Upon this general principle, therefore, I am opposed, and our organization will be opposed, and the farmers in general are opposed, to the lowering of the tariff upon sugar at this time.

Mr. SWANSON. Has your organization taken any action on the matter?

Mr. JONES. Not upon this specific matter, but upon the broad ground which I stated before it stands as a unit.

Mr. McCLELLAN. In other words, the free-trade farmers think we ought to make an exception in favor of farm products?

Mr. JONES. The free-trade farmers think that while protection is the policy of this Government they should have their share of it. They are not fools enough to object to it.

The CHAIRMAN. Statistics and the facts show that there are not very many free-trade farmers anyway.

Mr. JONES. Whether there be or not is not very material, but I tell you the farmers are a unit on this proposition.

STATEMENT OF MR. J. E. RODGERS, OF BINGHAMTON, N. Y.,

President of the Binghamton Beet Sugar Company.

Mr. RODGERS. Mr. Chairman and Gentlemen, I am not going to detain you long. There are one or two questions which I want to bring to your notice, however. We have solved some of these questions. One of those questions was: What is going to be the result in a few years to come in relation to the ability of the sugar industry to

compete with cane sugar, and whether we are going to be able to produce sugar at less cost than now. The answer to that question in part is this: That the by-products of the beet-sugar factories are going to largely solve that problem. You have heard it said here that the pulp which is made in Michigan, in some instances, is an expense to the factory to the extent of \$3,000 a year to get rid of it. We have solved that question, being located in a better district. We have sold our entire product to one man, taking 60 per cent of weight of our beets and he pays us 60 cents a ton for the pulp. He is selling it to the farmers for over a dollar a ton. Last year we sold our entire product at 50 cents a ton.

Our molasses we also are able to sell. We have been offered now \$5 a ton for all we produce this year. At some of the factories I know it is not used at all. In other instances they get \$2 a ton for it.

I speak of these things simply to give you an idea of the prospects of disposing of the by-products.

The CHAIRMAN. What do you do with the molasses?

Mr. RODGERS. The molasses is used for feed. One of the speakers here has told you that a lot of cornstalks have been shipped to Germany for feed purposes. That concern has sent us quite a quantity of that feed to be mixed with molasses as a food. You haven't a better food than that for cattle.

The CHAIRMAN. Why do you not go to Auburn and buy threaders and thread your own cornstalks?

Mr. RODGERS. I want to show you our prospects and the ways we can reach out, and how we will be enabled to produce sugar here as cheap as anywhere. When the farmers find out the value of pulp for cows and cattle every pound of it will be used; there is no question about it. It will not any longer be a product to pay somebody to get rid of. It will be something that the farmer will be very glad to pay for to use on the farm. It will be one of the best products we have.

I know how pressed you are for time and how many people there are to be heard. There is a gentleman here, Mr. Powell, however, who is one of the largest beet producers we have, and I would like him to say a few words. He started out with 5 acres of beets and has increased the amount up to 300 acres.

Mr. METCALF. You say you had these cornstalks sent to your factory?

Mr. RODGERS. I say they were sent to me as a sample. This was made by the Dresden Food Company. They send out immense quantities of cornstalks.

Mr. METCALF. Where is that company located?

Mr. RODGERS. I think they have half a dozen factories. One is in Indiana.

STATEMENT OF MR. E. A. POWELL, OF SYRACUSE, N. Y.,

Grower of beets.

Mr. POWELL. Mr. Chairman, I did not expect to be called upon and I have nothing prepared. I merely wish to say a few words regarding an element in this whole matter that very little has been said about, and that is "the man with the hoe."

The factory business has been very strongly and ably represented, but very little has been said regarding the producer. I have not a

a dollar of interest in any factory, but I am a grower of beets, and I believe there is where the sensitive matter in this whole question comes. It is the grower, and the man with the hoe behind the grower; those are the men that Congress ought to look after.

Now, this industry came into our State a few years ago, just after a long series of depressions. The price of land had run down to a very low figure, compared to what it had been fifty years before. This industry has proven to be one well adapted to central New York—central New York and southern New York—and as far north as Watertown and that vicinity. It has also been shown that without question beets can be grown with a profit to the farmer. Farmers have been slow to take hold, because they had to change their implements and everything of that kind, but they are now taking hold of this industry and if it is encouraged a very few years it will spread and grow over New York, up the Hudson and up the Mohawk, and across the State. Land all through those sections will be largely occupied by the beet-sugar industry. So that the producer is the great factor. It is really an agricultural problem. I believe that is emphatically the case—that the whole question is an agricultural problem, because if he can grow the beet it will be manufactured. It has been very plainly shown that the manufacturers can not in the present state of the problem stand a reduction in the tariff. I want to add that the growers certainly can not, because it is with difficulty that all these factories are able to get the amount of beets grown to keep their factories in proper operation.

So, even a little reduction, or even an insinuation of reduction, will scare the farmers. I know of a plant that has been in contemplation at home, and they would go ahead but for the fear of this proposed legislation; and, further, I know of farmers who have been approached to make contracts for growing beets, and would not make those contracts on account of this fear.

There is another question. The kind of labor that is being used is almost a clear gain to the community. For instance, there are a large number of women and children employed who would not otherwise have any employment. This is of great advantage to the poor people, who need this work.

Mr. McCLELLAN. Do you use them in the fields?

Mr. POWELL. Yes. We use them for thinning and pulling and topping beets. For instance, this year a hundred women and half as many boys and girls were employed by us, and they were mostly women who could not get any other employment in our neighborhood.

Another point is this: Of course this beet-sugar industry occupies a portion of the land, and thereby just so much is taken out from being used for other crops, so that the entire agricultural community is interested. For instance, if we have 1,000 acres of gardens and 500 acres of that goes into beet-sugar industry, the people who produce garden truck will be benefited that much.

I will not take up your time any further, Mr. Chairman, for I know you have heard a great deal of this, and there are other speakers to be heard; but I wish to say, in my opinion, there is no proper demand for this proposed reduction.

Mr. POWELL (continuing, after a conversation on the side). The gentleman here has asked me what we are paying women and children. We pay the women \$1 a day and we pay the children 75 cents a day. I want to add still further that the children work in that time of the

year when the schools are not running. That is when they get the largest amount of work, and so we do not have to violate the school law in order to get this kind of labor.

The CHAIRMAN. Our men are so busy up there that you have to rely upon the women and children.

Mr. POWELL. We do a good deal.

(Thereupon, at 5.15 o'clock p. m., the committee adjourned until to-morrow, Thursday, January 23, at 10 o'clock a. m.)

AGAINST RECIPROCITY—CANE-SUGAR INTERESTS.

COMMITTEE ON WAYS AND MEANS,
Thursday, January 23, 1902.

The committee met at 10 o'clock a. m., pursuant to adjournment, Hon. S. E. Payne in the chair.

The CHAIRMAN. This morning the producers of cane sugar appear. After they have concluded we will divide the rest of the day between the people interested in beet sugar and a gentleman who is here from Hawaii, or at least represents Hawaii.

STATEMENT OF COL. JAMES D. HILL,

President of the Poydras Planting and Manufacturing Company, of New Orleans, La.

Mr. HILL. Mr. Chairman and gentlemen, I am the president of the Poydras Planting and Manufacturing Company, a company producing sugar in the parish of St. Bernard, La.

Although I feel overwhelmed by the importance of the issues that are pending before this committee, I nevertheless appear before you with pleasure, having been before you on two or three former occasions, because I know that everyone present is an expert in these matters that are now submitted for your deliberation and determination; and while I recognize the fact that this committee is composed of members from the two great parties that divide this Union, I have no hesitation in appealing to the entire committee, as the questions I shall discuss address themselves with equal force to either party, involving, as they do, national home rights as against an alien, and ethics in politics and legislation, which alike blot out party lines.

The first proposition is that there exists really no reason for the cry that comes from Cuba. That proposition involves the question of our home industrial rights.

The other proposition is that if it be true that there be no ground for this appeal from Cuba to the United States, then it will be our duty to uncover the hypocrite who is masking behind this people and causing Cuba to voice his cry, and to fasten upon him the crime which he seeks to perpetrate upon the industries of the United States, and has the effrontery to ask you to aid him in perpetrating. He alone has the evil will and desire, but, thank Heaven, you alone have the power.

Now, so far as the first proposition is concerned, you gentlemen have had it stated to you, and it is spread broadcast in the press, that

Cuba stands to-day a desolated country; that having been devastated entirely by war, having had its fortunes overturned, its factories destroyed, its people demoralized, they are in no condition now to rebuild their country, and therefore it is that they must appeal to the United States. The situation in Cuba on which they make this pitiable cry would seem to condemn the soil of Cuba itself, a soil so rich that the island has been designated as "the Gem of the Seas," a country where, by cultivation at a minimum of expense, the people who were the owners of the property in the island became colossal financial magnates, were made grandes of Spain, based upon their fortunes, and were able, as we all know, to brilliantly display their wealth in almost every court of Europe.

The fact remains that the fertility of Cuba is just precisely the same to-day as it was before the war. If it be true, therefore, that that fertility remains, the situation of Cuba can not be such as is claimed, and is made the basis of the cry from Cuba to the United States.

Just for an instant consider, with all the advantages of soil and climate, with the ease with which sugar cane itself can be planted in the island of Cuba, where it is only necessary to make a hole in the ground with a stick as you pass along, and where you insert in that two or three joints of cane and simply allow it to grow, it soon becomes that broad, green expanse which makes of every field a waving sea. It requires scarcely any cultivation; the work of man consists simply of putting the cane in the ground; the rest is done by the sunshine and the air of Providence.

As has been testified to by those who have represented the Cuba side before this committee, even on the oldest lands there is no need of replanting that cane in any case under four or five years, and if you have planted in virgin soil, it does not need replanting under fifteen to twenty years.

Now, it can not possibly be that Cuba has made no money within the past two years. Let it be admitted that they make a claim upon us because they are in a poor condition to-day. That condition is from the fact that they are unable to sell their sugars at what they say is more than cost price. But in the year previous to that, and in the year, again, previous to that, the statistics show that sugar has been sold at a rate averaging 2.62 cents per pound in Cuba.

Take even the exaggerated statement of those who have testified on the Cuban side that the cost of producing sugar was 2.06 cents, which, as will be hereafter seen, is far too much, yet admitting that cost, they have made 0.56 of a cent on a pound, or 56 cents per hundredweight, according to statistics, on their own claim, as a profit on the two crops previous to the one they now have in hand and are marketing. That means a profit of \$12,000,000 on those crops, certainly sufficient to continue that agricultural interest in the island of Cuba. And if it be a fact that in the two years previous to this they have marketed over 950,000 tons of sugar, made at nearer $1\frac{1}{4}$ cents per pound than 2.06 cents per pound, they have made a net profit of over \$28,000,000, which the alleged losses of this year will not half absorb.

Can they with decency ask you to discharge and obliterate our home industry, urging as the sole plea your obligation to further benefit those upon whom you have heretofore showered every blessing, and press for your aid to flood our markets with 850,000 tons, this year's crop, free of all duties, imports, and exactions?

If it be true that the soil of the island is able to rebuild Cuba in this way, is there ground for appealing to the United States?

The first proposition seems answered, without further consideration, that the Cubans have no ground for their appeal to the United States to remove or diminish the duties on sugar.

Have they not, besides sugar, other crops that can be cultivated in Cuba? Can not coffee, which has always brought a good price, and which would give them a profit, be cultivated? It is not known that their soil and climate at minimum cost produces almost every fruit that is exported to this country from Central and South America? Are they not capable of producing almost every vegetable that is consumed in this country? Are they not, by reason of their latitude, able to grow and send those products, after paying the duties thereon, to this country at as little cost as they can be produced for in our own country? And rubber should be one of their staple crops.

Will they not, therefore, be able to find a market always in this country where they will receive hard cash for everything they have to sell? Is it not known as a fact that when the tariff was levied on all the articles to which I have referred it was not levied for the purpose of prohibition, but permitted always an entrance to this country of these articles? The duty was only such as would enable the home people, who produce and sell those articles here, to make a proper living. Now, if Cuba stands to-day teeming with the products of her soil, is she not able to march unaided, and to march forward to a most glorious career? Is there any reason why we should be called upon to cripple the strength of our arm, so as to enable her to march more rapidly than reasonable natural evolution requires? If it be true, as I think it is, that Cuba has no economic reason to make this cry, let us see what her claim is on any other than the economic ground.

I was met almost on the threshold when entering this Capitol on the first day of my arrival, by a distinguished friend, who knew all about Cuba, and who immediately informed me that there were a thousand reasons why Cuba should make this appeal which were outside of this question of economics.

What has Cuba done to create these other claims? She has permitted us to come into her country and to drive out her oppressor. My friend claimed that we thus came under a moral obligation, after we had set Cuba free, to maintain her before the nations of the world. Without prosperity she was without standing. Were we not bound, after we had made of her a State and nation, to see that she was immediately crowned with all the success and glory that ennoble a State and a nation? And if we could do it, no matter at what sacrifice to ourselves, were we not bound so to do? And, more particularly, was not that the case, when we were not content to let Cuba stand by herself, but insisted, before we permitted her to adopt her constitution, that there should be embodied into it what are known as the Platt amendments? Some such was his argument.

Now, sir, what did the Platt amendments do? They put Cuba in that position where she requires less and less support from the United States. They have unquestionably provided that she shall not be molested by the nations beyond the seas. The amendments have made it incumbent upon us of the United States to see that there is no need for her to establish either an army or a navy. If she gets into any trouble whatsoever we of the United States, with our forces, are obliged to see that she be protected from any oppressor who would molest her or make her afraid.

Now, what else is suggested by the Platt amendment as you read

the second paragraph which refers to the public debt? Another fact which makes Cuba have still less warrant to appeal to the United States. In freeing her we have enabled that State to embark among the nations of the earth free from every single cent of public debt. Those of us who have read the history of nations, those of us who have known how these burdens have fallen on the agricultural people, know that any nation that has been put into statehood free from public debt and with no reason to encumber herself with it in the future has been placed in a position the most favorable, desirable, and magnificent in which any State could be started upon its career.

If it be true, therefore, that the Platt amendments, instead of hampering Cuba, strengthen her, and enable her to advance more rapidly because free of encumbrances which burden other nations, it negatives entirely our being under any obligation to see that she is further fostered and kept up at the expense of the United States.

If she has no valid claim, therefore, to make this call upon us, why is it that our ears are filled with cries coming from Cuba?

It seems to me that the veil is so thin, that even without attempting to withdraw it, the face behind can easily be seen.

You have had testimony here before this committee in which the denial has been made point blank that Havemeyer and the sugar trust have any interest in this question. It is said that they are not interested in the question as to whether, by reciprocity or other means, the tariff on sugars coming from Cuba is reduced.

I desire to state two propositions to this committee which, in my opinion, compel the logical conclusion that the sugar trust is and must be behind the attempt now made to reduce these tariffs.

In the first place, it is admitted that a tariff is never imposed on any article to be imported into a country except for the purpose of building up the price of the article this side of the protection wall, so that those engaged in the business of producing the article within the protected territory shall be able to make money out of it, and in that way have the industry itself fully and finally developed, so that it may stand by itself; and the converse of that proposition necessarily must be true.

I would like to call this to the attention of those gentlemen who have been asking the question time and time again in yesterday's hearing, "Will it be possible to have any part of this tariff reduced without producing an injury to the value of the crop inside the United States?"

If you reduce the tariff at all, the converse of the proposition obtains, and any reduction of the tariff must and will necessarily reduce the price. If the purpose of the tariff, and the effect, is to increase the price of any article upon which the tariff is placed, then it must be true that by taking the tariff off, that article, not protected to that extent, will ultimately be sold in this country for a less price than it sold for with the protection.

Mr. RICHARDSON. It reduces the price to whom?

Mr. HILL. It reduces the price to the persons who buy it—we are speaking of raw sugar—and those persons can be no persons except the sugar-refining companies.

Mr. RICHARDSON. I wanted to know whom you said it reduce the price to.

Mr. HILL. There is no proposition, as I understand it, to reduce the tariff on refined sugars. The only proposition before this committee, as exploited by the newspapers, is to reduce the tariff on raw sugars.

The CHAIRMAN. The committee is not confined to any particular proposition that has been made. They can take any position they please.

Mr. HILL. Yes, sir. I understand, then, that this is not a discussion of any particular bill.

The CHAIRMAN. The committee is not confined to any recommendation of any particular kind.

Mr. HILL. Well, then, the proposition is, that every single reduction of the tariff tends to decrease the price to the buyer, and therefore the answer to the gentleman from Tennessee will, of course, be that it does not make any difference, under normal conditions, whether it is refined sugar or raw sugar. I make the statement distinctly that if the tariff be reduced it gives an opportunity for the reduction of the price immediately, and it must so result in time in having the price of that article, no longer protected, reduced, to whomever may be the purchaser and whatever may be the character of the sugar that is brought in.

But the proposition, to which I was then devoting myself, was the proposition by Mr. Havemeyer, representing the refiners, and which has been so generally discussed throughout the United States, that almost everybody considers that, the question confronting us, viz, whether raw sugar shall have the tariff reduced on it or not. If the proposition be correct, that by taking the tariff off of every character of sugar the price becomes lower in time, if not immediately, it is plain that the result of the Havemeyer proposition will be to diminish the price of raw sugar delivered in the city of New York.

Any business man who has any product he desires to purchase strives always to purchase that product at the lowest possible price. Therefore if the course pursued be to simply reduce duties on raw sugar from Cuba the result would be that the refiners, seeking to obtain their sugar at the lowest possible price, would be able to force that price down, for this country is the only consumer to any extent of Cuban sugar. It is that now, it has been that in the past, and I believe that the statistics show that never in the palmy days of Cuba has the export to any other country exceeded 40,000 tons, and in the last year or so it has not reached 10,000 tons. Therefore, out of the 650,000 tons made a year ago all, with probably the exception of 10,000 tons, found its market in the United States. It was bought up by the refining interests of this country.

Now, if the refiners desire—and, as I stated a moment ago, everybody seeks to buy at the lowest price, they, too, will necessarily try so to do—they can beat down the price of Cuban sugar and they would then have the means of buying it cheaper, playing one planter against another, while showing to each that he should be able to sell at the lower price on account of the reduction in the tariff. But not only that. If it be true, as I think it is, from statements made in this record, that Americans, many of them stockholders in refining companies, have bought estates in Cuba, it is a plain proposition that if those people make their own sugar in Cuba, and bring their Cuban sugar from their own Cuban estates, and put it on the New York market on the stock-brokers' plan—a plan that has been time and again carried out in stock sales, as you all know; the plan of a man selling an article which belongs to himself, buying and selling it through his own brokers, and thus beating down the price—the refining companies will so reduce the price of sugar delivered at New York, that they will be able to say to the Cubans: "You must sell at this price or you can

not sell at all;" and the refining company will be able to fix its own price on every pound of sugar coming from Cuba.

Is there any doubt that the entire 850,000 tons of Cuban sugar would be brought into this country at a price to ruin the Louisiana market? Why do I infer that? Because there has never been in the past any humanitarian or philanthropic act on the part of the refining company, dealing with those who had sugar to sell. We of Louisiana know what their position is. We have our crops harvested in the fall, and as soon as October rolls around, followed by November and December, when our crops are going to the market, the representatives of the sugar trust virtually tell us:

"You have your crop, which is worth so much, according to its grade of saccharine, in the markets of New York. We have our refineries, it is true, here in the city of New Orleans, of large enough capacity to be able to take up the entire crop that is made in Louisiana, but we are refiners for what there is in it. We were not organized to benefit you who have toiled a year to make this crop. True, we shall sell our refined here at as high a price as in New York, but you can't get your raws there except at an expense to you, so you must sell them to us, and I know of no other outlet for your crop. You must take three-sixteenths of a cent less per pound than the price in New York, and then we will take your entire crop. Ain't you glad to get rid of it at so small a loss?"

The CHAIRMAN. Do you actually sell for three-sixteenths of a cent less than the price in New York?

Mr. HILL. We have to do it.

The CHAIRMAN. From year to year?

Mr. HILL. Every year; there is never an exception; and the ground on which it is put is that we can not move this sugar to any other point and find a market. "Therefore, you must sell to us," they say. Now, I charge that the same spirit which actuates them in dealing with us will actuate them in dealing with the Cubans.

They will buy the Cuban sugar in Cuba. They will bear down the Cuban market to realize the profit on the tariff reduction; therefore, if you take off so much as an iota of this tariff on Cuban sugar, you put us in that position where, having to sell at the reduced price of three-sixteenths of a cent less than the New York price, we will be further told: "Now you must come down lower, for we can get Cuban sugar to-day at New York prices, less costs, etc., and the reduction of duties, and whatever of the tariff is taken off, you must take off that much more."

Mr. DALZELL. Where do you deliver that sugar that you have to sell for three-sixteenths of a cent less—in New Orleans or New York?

Mr. HILL. In New Orleans; the refiners have their own refineries in New Orleans, sufficient to take charge of the entire Louisiana crop.

The CHAIRMAN. They actually refine it right there?

Mr. HILL. They refine it there; yes, sir.

The CHAIRMAN. And distribute it?

Mr. HILL. And distribute it from New Orleans.

The CHAIRMAN. What is the freight from New Orleans?

Mr. HILL. I do not know what it is, but I know that they demonstrate that we can not get any more by shipping it to New York, and therefore we have to take that price.

The CHAIRMAN. Can it be carried all the way by water?

Mr. HILL. Yes, sir; we have the best means of transportation.

Mr. LONG. Are there any refineries in Louisiana that are not under the control of the American Sugar Trust?

Mr. HILL. One.

Mr. LONG. Who controls that?

Mr. HILL. Mr. Henderson's family. Mr. Henderson himself died two years ago. But, so far as we are concerned, the minute we get our sugars exposed on the tables of the sugar exchange, if we have the buyer of the American Sugar Refinery bidding on our sugars the other man doesn't want to make a bid; and, vice versa, if the first man to bid for our sugar is a man who represents the Henderson refinery, then the American Sugar Company's man does not want to bid. And never, so far as I know, has the price we got equaled the price in New York, by reason of any competition between the buyers for the two refineries.

Mr. LONG. Do you refine any sugar at the factories, like the beet-sugar manufacturers do?

Mr. HILL. They make some, but to a very small extent. I understand that these plantation owners have tried to market their crops at points distant from New Orleans, and after they had arranged to have their goods shipped to Memphis or other parts of Tennessee or Kentucky they were met immediately by underquoting. Such has been the experience of the Messrs. Kock, who have one of these white sugar manufactories, and they are obliged to sell for less price than they should be.

To resume. I say we can expect no other action on the part of the American Sugar Trust except to buy at the lowest price they can. So, by any action of Congress reducing the tariff on raw sugars they will be able to still further reduce the price of sugar in Louisiana. So far as the animus that has actuated the sugar trust in dealing with us, to which I have just referred, is concerned, it has been more forcibly still disclosed by what has occurred in this country within the last eight months. The people whom the sugar trust is hunting with big guns are the ones that appeared before you yesterday. Men who are able to take their beets, as was described to you, and put them in at one end of the factory and then within a distance of 280 or 300 feet to turn out a fine, white, granulated sugar, such as was exhibited here yesterday (and that sugar is a sugar of consumption, and it can compete, and does compete, with the trust sugars made in the refineries), are the men whom the trust is afraid of.

What is the result of the beet men placing sugar in the Mississippi and Missouri Valley? That district was deluged with carloads of Havemeyer's sugar and the prices put down to $3\frac{1}{2}$ cents a pound—less than they pay for raw sugar in New York, without the cost of refining and distribution. Was that a philanthropic act on the part of the American Sugar Refining Company? Were they actuated by a desire to build up the industries of the United States? Or did they disclose, what is a patent fact, that their purpose is to kill every sugar industry in the United States except their own? And that also reinforces the statement I made a minute ago—it is their purpose to destroy all competition. And if they are able so to do, it destroys the price of Louisiana sugar, and we stand before you this day pleading that if any cut is made in the tariff, so far as our State is concerned, we will be absolutely wiped off of the sugar-producing face of the Earth.

How much can we make our sugar for in the State of Louisiana? Getting our cane delivered to the factory at \$3 per ton, we can not make it on an average under 3.5 cents a pound expended in cash from the time we plant the seed until the sugar is in the barrel for sale.

What can they make their sugar for in Cuba? It has been stated, and I believe truthfully, that it can be made as low as $1\frac{1}{2}$ cents a pound. They can stand the tariff levied on their sugar and still be in a position to sell their crops so as to make a profit after paying the tariff, for the cost will be about 3 cents at which they can put their sugar in New York.

And does it not concern you to see that sugar industries are preserved? What will be the result if Louisiana is no longer permitted to make its sugar? What will be the result if all these Territories which have been developing beet sugar in the last few years, and promise now to expand over an enormous area, are all wiped out? You are then confronted with this—and it answers my friend Mr. Newlands's question of yesterday, whether "an infant industry had not better be destroyed than one full grown"—that if you succeed in cutting us down now because you believe you do less harm in destroying an industry that has not yet cost more than one hundred millions than you will in cutting it down when it has five hundred millions invested, you have lost sight of the great economic point that if these industries be destroyed now in the United States you have left us for all time in the hands of the refiners, who will draw their supplies from foreign ports, and will sell their output at the highest price they can without any dictates of philanthropy, for I have shown you they respond to none, and the result will be that in a few years from now you will have such a colossal, gigantic monopoly in this country controlling the sugar question that the refining interests of the United States will be paramount to the United States Government itself, without considering the vital fact what amount you will send to foreign countries for your raws.

Why do I say this? Because if you make a simple calculation, on what has been stated by Willett and Gray to be the annual increase of consumption in the United States, you find that at 6 per cent increase per annum by the year 1910—and we are only eight years from that period now—the amount of consumption in the United States will amount to 4,000,000 of tons. That is nearly double what it is to-day.

Now, if you carry your calculation to 1920, the result will be that the consumption of sugar in the United States will be 7,500,000 tons—more than three times the present consumption of sugar in the United States.

Does it not amaze you to think of an institution that is able to regulate the prices of an article the consumption of which amounts to figures like this—both the price at which it buys the article and the price at which it sells? Just for an instant think of its power and influence when one corporation can stand up on this green earth and say: "We desire to have so many million tons of raw sugar, for which we will pay what we please—only a little more than what it costs you to produce the crop (because, of course, we want it produced, but we will only give you enough to live on while doing it), and then we will distribute it throughout the United States and charge what we please." Of course the millions and billions of money made by that operation will make them the king monopoly of the world. But there are political reasons as well that dictate why you should continue to make sugar within your own borders, and for the line of argument I refer you to the following extract:

"We have only regard to our own internal concerns, and it may be perfectly possible for us even to approve the action of foreign Gov-

ernments in putting a bounty upon their sugar, and at the same time to take measures to prevent their having an injurious effect upon our own cultivation. I observe that the argument which the representative of France laid before the Brussels conference as justifying the granting of sugar bounties in France was this: He said it was all very well for England to denounce sugar bounties. England is the mistress of the seas; she can look forward with confidence even to a state of isolation arising out of war; foreign ports will still be open to her and her ports will be open to importation from foreign countries. But in the case of France it is exactly the opposite. If France is isolated and an enemy of France has command of the seas, then the result might be a very serious national disaster. It is the duty of the Government of France, as a mere question of national preservation, to take care that France shall be independent of foreign countries in the matter of her provisionment.

"If a certain quantity of sugar is absolutely necessary for the inhabitants of France, then the Government of France must take care that that amount of sugar shall be forthcoming within an area that is under her own command, and if the cultivation under normal circumstances is not sufficient to produce it, it is legitimate for the Government, by the operation of bounties, to give sufficient encouragement to the internal cultivation of sugar. It is therefore a matter of internal administration. What I point out with regard to this is that we may quite agree with them. We are not bound in any way to denounce the system of bounties as a matter of internal administration of any foreign country. We only wish to protect our own industry, and we claim the same right to preserve our industry in this country as foreign nations no doubt claim to preserve and encourage the sugar industry and sugar cultivation in their own territories."

Somebody has stated that the trust will not sell at these very high prices, because in the past it is shown that there has been not more than a cent or a cent and a quarter difference between what they bought their raw sugar at and what they sold their refined article for. Now, you should remember that while that is true the desire of the trust to sell at that $1\frac{1}{4}$ cents or 1 cent, as the case may be, more than the raw sugar cost, has not been dictated by a desire to make no more than that, but it has been regulated by the price of sugar f. o. b. at Hamburg plus the ordinary costs, insurance, and the tariff. If it be true—and I believe it to be true—that the cost of refined sugar is regulated by the Hamburg price, it is apparent to every mind that the trust has nothing to regard, in the way of fixing the price at which it sells to the consumer, except the calculation of what the Hamburg sugar will be worth placed in the city of New York.

They will fix their price to make the greatest profit, and sell at either a shade less than the Hamburg price, or even, as it is to-day, a shade more than the Hamburg price; for even selling at more than the Hamburg price they still control this market absolutely, because if the difference be even slightly above the Hamburg price, as you will readily see, any competitor bringing his sugars from Hamburg dare not import to any extent. Just as soon as he has had the markets of this country filled up with his sugars the trust simply cuts the price, and they will cut the price to such a figure that the man who has brought his sugars from Hamburg will be a loser on his importations to this country and "will never do so any more."

A purely business concern like the American Sugar Trust will always buy at the cheapest rate they can. They have the means in

their hands, by controlling sugar plantations in Cuba, to beat the raw-sugar price down to the lowest notch. On the other hand, fixing the price of refined just so as to exclude Hamburg sugars, they will sell at the highest price. That answers the question as to whether there will be any effect in taking off the duty on refined sugar. It will not have any effect generally in reducing the price of refined to the consumer, as the Hamburg price regulates that, and they will always sell up to that top notch unless they may temporarily lower it to destroy a competitor.

Then if you gentleman who make your beet sugar undertake to invade any markets of the American Sugar Trust you are faced with a sudden fall in prices, which has this object in view, and when that object has been accomplished the diminution of the price ceases absolutely. Any change of tariff on raws would give the trust greater profits and more means to destroy its rivals.

I see but one deduction from these statements: The trust will be able to get raw sugar cheap by reason of any change of tariff toward Cuba, and they are able to sell refined at high prices in this country, because the price is regulated in Hamburg. They and they alone can be the persons who are interested in getting this tariff taken off. And if they be the persons who desire to have the tariff taken off, are you, legislating for the United States, called on to devise ways and means by which the treasury of the American Sugar Refining Company shall be the benefactor of the acts of the United States?

Now, what sort of an industry is this that is to be destroyed by tariff reduction? You have had most eloquently portrayed to you, yesterday, exactly what is being done by the beet-sugar people in the West and North, how they are using lands which otherwise had become almost worthless; how, as was shown to you by Mr. Leavitt, that when you do plant beets you benefit every grain crop that is afterwards raised on those lands. You had shown to you an industry which is destined to make that whole western country, even the arid lands, blossom like a rose. We of Louisiana can scarcely promise as much in the way of development, but we do state this in our own behalf, on the authority of Dr. Stubbs, of the Louisiana Experiment Station:

"Small sugarhouses are fast disappearing, and enormous factories, with every modern labor and fuel saving apparatus, are to be found in every section. The output of sugar, both per acre and per ton of cane, has been greatly increased. New lands are being opened and old plantations better drained and cultivated. Thousands of acres of land well adapted to the growth of sugar cane are available in Louisiana, Texas, and other Southern States. Capital alone is wanted to develop them and build the necessary factories. Every dollar made in the sugar industry since the war has gone into sugarhouses and the improvement of lands. Over \$100,000,000 have thus been invested. The acreage devoted to sugar cane is yearly increasing. The present year will doubtless witness the harvesting of cane from over 300,000 acres. The crop of 1900 brought about \$35,000,000 and gave employment directly and indirectly to nearly half a million of people. Every dollar received was exchanged for labor, material, provisions, and clothes. This large sum is paid out as fast as received, and a portion of it doubtless finds its way to every State in the Union, thus creating an interstate commerce of nearly \$70,000,000.

"Our machinery comes largely from Pennsylvania, Tennessee, Alabama, New York, and Illinois, for which we pay \$6,000,000. To Mis-

Mississippi and Louisiana we send, for lumber and bricks, \$600,000. To Kentucky, Tennessee, Missouri, and Indiana, for mules and horses, over \$1,000,000. The coal and oil furnished us by Pennsylvania, Alabama, and West Virginia cost annually \$1,500,000. Minnesota, Missouri, and Kansas give us our daily bread at an annual cost of \$3,000,000. Illinois, Missouri, Kansas, and Iowa feed our stock, but charge yearly for the same another \$3,000,000. West Virginia, Ohio, Illinois, Missouri, and Kentucky give us our wagons, carriages, and agricultural implements at the modest sum of \$500,000. Ohio, Indiana, Illinois, Missouri, and Nebraska furnish us with meats, lard, etc., for \$3,000,000. Wisconsin, Illinois, and Indiana butter our bread and give us cheese for luncheon, but require in return \$500,000. Texas, Mississippi, and Alabama, to say nothing of the refrigerator beef from the West available only at our towns and cities, supply us with steaks, roasts, and stews, and cost the modest sum of \$500,000. Alabama has a monopoly on the supply of lime for our sugar houses and for building purposes, and accordingly draws on us annually for \$500,000. The cooperage for our sugar houses descends the great "Father of Waters" in flatboats from Ohio, Indiana, and Illinois, and annually mullets the planters of \$1,000,000.

"It is the custom here to sow cowpease upon one-third of our lands yearly, using at the rate of 2 bushels per acre, requiring nearly a quarter of a million of bushels annually, for which we send to Georgia, South Carolina, and Tennessee, and pay from \$1 to \$2 per bushel. Both our plant and stubble canes are fertilized regularly; therefore we send to Florida, South Carolina, Tennessee, Illinois, Missouri, Nebraska, and Louisiana for phosphates, cotton-seed meal, and tankage, and credit them by cash paid \$1,000,000.

"Our boots and shoes are made in Boston, St. Louis, New York, Philadelphia, etc., and our foot wear costs us \$2,500,000 per year. We are clothed by New York, Chicago, Philadelphia, and Baltimore, and as we wear good clothes we pay over \$5,000,000 for them. If any money be left, we spend it in notions, fruits, and sundries, which are gathered from Maine to California.

"The above is not a mere guess, but is a calculation based, after careful investigation, upon facts which abundantly justify every enumeration made. With this vast distribution of the money coming from the sugar industry of Louisiana, is there a citizen of any section of this Union that does not enjoy some benefit from it directly or indirectly?"

It is said that sugar cane can be grown along the southern strip of Mississippi, Georgia, and Alabama, and in Florida; that the industry, therefore, can spread all over that country. We know that the beet industry is developing the entire Northwest. Can it be possible that you, as representatives of the American people, can for an instant think of sacrificing your home people on behalf of any foreign state?

I said awhile ago that at the present rate of increased consumption there would be 7,500,000 tons of sugar required here by 1920. If this be so, does it not behoove this people to look forward to that time and strike such a course as will preserve to the people of this country a low-priced article which has become an absolute necessity, and is no longer a luxury? If you require 7,500,000 tons of sugar by 1920 for your own consumption, can there be any possibility that there will ever arise a time when there will be any need for striking down these two industries in the United States? Where will you get your sugar? Granted that Cuba may ultimately get 3,000,000 tons; grant that the

Philippines may develop so that they will bring a million of tons into this country. If your consumption amounts to 7,500,000 tons you will find that you need not only all the sugar coming from those countries, but that you have need for every acre of land that can be developed in the Northwest for raising beets, and every acre that can be developed along the Gulf coast for raising cane.

And now what are we asked to do this for? Is it for anybody that has already been incorporated into this Government? No. These people who ask for this are so far aliens, and long may they be! May the cry of "Cuba Libre" long inspire them to uphold a separate nationality. Have we not done enough for these people up to the present time? Have we not spent millions of dollars? Have we not sacrificed the lives, through disease or by the bullet, of thousands of our people? Has that tied us down to Cuba in such a way that we must support her forever? Recall that parable which teaches us who is our neighbor. After the priest and the Levite had passed by and had only looked on the man who had fallen among thieves, who had been stripped and wounded and left half dead, a certain Samaritan came that way and had compassion on him, bound up his wounds, pouring in oil and wine, and set him on his beast and brought him to an inn. He cared for him and paid for him, but only till he might fend for himself.

Is there anything said, or implied, that the good neighbor, the Samaritan, should make such sacrifices as to impoverish either his wife or his children? That is not involved in the question of being a man's neighbor. The island of Cuba is our neighbor, true, so far as the geographical question is concerned. And we have been her neighbor to the full, repeating every act of the Good Samaritan, as has never been done by any nation on the earth to another since the world was. And, flippantly, our once battered but now restored Cuban, rejoicing in the natural riches of his possessions, says to us: "If you are not able to make sugar as cheap as we can in Cuba and if it is going to hurt you to help us any more, leave your worn lands and drooping industries and come over to our island and join us. Make yourselves aliens instead of remaining American citizens as you are to-day, for the idea that, as against Cuba, a home-protecting, American policy has survived the Spanish war is antediluvian and out of date."

We are said to be under another obligation to the island of Cuba because we took away from them the right they had to enter Spanish ports free of duty; that while we did relieve them of the oppression of Spain, yet we also took away trade and advantages they had. So far as sugar is concerned, I have shown you that they have never exported more than 40,000 tons of sugar in any year to Spain or any other country. That exportation recently has been reduced to 8,000 tons. There is scarcely any other commodity going out of Cuba that now seeks, or ever did seek, Spain as its principal market.

We are under no obligation, therefore, under this count, to try and procure our home market for them free, because they have our ports, asking them to come in now with their products, as they have had them for the last fifty years, with no greater restrictions of entry than in the past, and with many less exactions for exit from their own ports—for instance, the export tax on the sugars taken out of Cuba. Is that no advantage to them? They are not only able to make their sugar cheaper than anywhere else, except in the adjacent islands, and they have a market here, just as they have always had. They find a demand for their sugar at prices now prevailing, 3.69 cents a hundred

for their crop, and if they are able to make it at less than 2 cents and pay the 1.68 cents tariff tax they are still in no worse condition than citizens of Louisiana, who are simply swapping dollars at the present prices prevailing there. We have made a good crop this year (some was destroyed by the freeze in December) and we have had that crop marketed under conditions for which we are in no sense responsible, which prohibits our getting more than about $3\frac{1}{2}$ to $3\frac{3}{4}$ cents a pound.

It is neither the fault of Cuba nor the fault of the United States; but for years and years past, for one hundred years, from the days of the first Napoleon, by a system carried out in the European countries they have stimulated the sugar industry so that this year they have produced alone in Germany 2,200,000 tons of sugar. That is more than their own consumption. Why do they produce it? For the economic reasons which were expressed to you yesterday by Mr. Leavitt. They know the advantage of having the beet root cultivated in those countries; they know how it benefits the other crops that are planted in rotation, and they have encouraged it by an export bounty of 27 cents a hundred for years past on sugars coming from Germany, and they supplement that by what is called the Kartel system, where, by arrangements, they are able to create a fund to distribute a profit to the manufacturers of raw sugar.

They have in that way developed the production of sugar; and those men, who knew they could not lose under any circumstances, have planted their beets and have sold them at a fixed price; have made money; and even this year, when the price of sugar is so low, the German who has made his beet sugar has lost nothing. This has been done as a governmental policy, looking to the ultimate control of the sugar markets of the world.

The consumption of sugar the world over is going on increasing day by day, and while they may not to-day be able to make a profit on all the sugar they produce, yet, considering the economic result of rotation in crops, and the benefit to other crops by planting beets, they are willing to make the sacrifice of paying 27 cents a hundred on the sugars exported, for they are still doing a good business for the entire German nation. A policy pursued by them with the thorough knowledge of what the world's demands for sugar are, and though they do produce more than can be consumed in their own country, they can afford to give this bounty and send the sugar out to undersell the other markets, and trust in time to destroy beet growing and sugar making in this and other rival countries.

It is a matter of absolute amazement to me, who perhaps have had my attention drawn more particularly to the subject by reason of my personal interest in the question—but it is a matter of amazement to me how those who represent the American people here or in any capacity in the Government of the United States can fail to see that if the Government of Germany can afford to have this industry developed, as it has been developed there, at the cost of its treasury and the cost of great price paid by its home consumers, looking simply for the advantages which beet growing and sugar producing are to a country, that our people, by reason of any cry coming from a million and a half people on the island of Cuba, could, for one instant, think of taking any course which would threaten even an iota of the prosperity of the State of Louisiana, of an equal population, or of the prosperity of the great Western States which are developing the beet culture.

There can be no industry started in the United States equal in importance to the sugar industries of this country. What have you

paid in the past for the sugar brought in? One hundred million dollars per annum. Is that nothing, to be left at home? What are you going to be forced to pay in the near future, if the demand for home consumption reaches 4,000,000 or 7,000,000 tons per year. You can scarcely make the calculation of the money that must go out of this country. And yet the insidious attempt now, asking for any reduction on the sugar tariff, will start as a crevice, will be ultimately able to break down the entire barrier and inundate and destroy every one of those industries in the South and West, and leave you at the mercy of foreigners for the cost of sugar all the days of your national life.

Now, this Kartel which they have, if we make the calculation aright, is absolutely adding to the bounties given by the German Government at least 40 cents a hundred. See what an advantage that gives them. See how the Government and the people alike join in the attack on the sugar interests of the balance of the world. Doubtless they look with complacency on the suggestions of the Cubans to you, and would rejoice at such a course as would efface the cane and beet sugar competition of this country, knowing that in due time you would be added to the tribute-paying countries of the world, which they hope at last to force to get sugar from them.

You gentlemen well recollect that the worst blot on the reign of Louis XIV, King of France, was an incident in his effort to prevent the accession of William to the throne of Great Britain, to defeat that revolution whose accomplishment preserved the liberties of old England and the liberties and freedom we enjoy in this country to-day. The effort providentially struck at a point which was not vital, so that it left the entire Batavian front of Holland free.

"Had hostilities been commenced on the Batavian frontier, William and his army would probably have been detained on the Continent, and James might have continued to govern England. A French army under the command of Marshal Duras had invaded the Palatinate and some of the neighboring principalities. But this expedition could not perceptibly affect the event of the tremendous struggle which was approaching. France would soon be attacked on every side. It would be impossible for Duras long to retain possession of the provinces which he had surprised and overrun. An atrocious thought arose. If the cities of the Palatinate could not be retained they might be destroyed. If the soil of the Palatinate was not to furnish supplies to the French it might be so wasted that it would at least furnish no supplies to the Germans. Louis, in an evil hour for his fame, assented. Duras received orders to turn one of the fairest regions of Europe into a wilderness.

"The French commander announced to near half a million of human beings that he granted them three days of grace, and that within that time they must shift for themselves. Soon the roads and fields, which then lay deep in snow, were blackened by innumerable multitudes of men, women, and children flying from their homes. Many died of cold and hunger; but enough survived to fill the streets of all the cities of Europe with lean and squalid beggars, who had once been thriving farmers and shopkeepers. Meanwhile the work of destruction began. Flames went up from every market place, every hamlet, every parish church, every country seat within the devoted provinces. The fields where the corn had been sown were plowed up. The orchards were hewn down. No promise of a harvest was left on the fertile plains. Not a vine, not an almond tree was to be seen on the

slopes of the sunny hills. No respect was shown to palaces, to temples, to monasteries, to infirmaries, to beautiful works of art, to monuments of the illustrious dead. The far-famed castle of the Elector Palatine was turned into a heap of ruins. The adjoining hospital was sacked. The provisions, the medicines, the pallets on which the sick lay, were destroyed. The very stones of which Manheim had been built were flung into the Rhine. The magnificent Cathedral of Spires perished, and with it the marble sepulchers of eight Cæsars. The coffins were broken open. The ashes were scattered to the winds."

No excuse has ever been made for this great wrong perpetrated against a whole people, save the poor palliation that it was wrought within an enemy's country. But if you gentlemen here to-day deliberating upon this question take such action as will cause the destruction of the beet-sugar growers in the Northwest and cause the destruction of the cane growers in the South and cause the destruction of the vegetable interests along the Atlantic border and which will bring about the ruin of all the fruit interests in this country, the results will be but little short of the devastation of the Palatinate and wrought upon your own people. God forbid that any such blot should ever rest upon any ruling power within the United States! God forbid that it should be upon the Fifty-seventh Congress!

The CHAIRMAN. What does it cost you to produce sugar in Louisiana?

Mr. HILL. About 3.5 cents a pound actual outlay.

The CHAIRMAN. That is 96° sugar?

Mr. HILL. Yes. That is also about the price at which the sugar is sold.

The CHAIRMAN. I asked what it cost to produce it.

Mr. HILL. The same thing. As I said, we are swapping dollars for this year's crop in Louisiana, losing interest and a year's labor.

Mr. McCLELLAN. The beet-root sugar people told us yesterday that if they had protection ten years they would be able to stand alone and stand free trade. How is it with the Louisiana cane-sugar producers?

Mr. HILL. In my experience in Louisiana I have sold sugar from 10 cents down to the present prices, which is probably about the lowest price sugar has ever reached, except in 1892—I think it then dropped down to 3½ cents. That has been done, Mr. McClellan, by reason of the fact that almost every dollar that we have made in cultivating sugar in Louisiana has been reinvested for the purpose of benefitting the sugar-house plants, putting them in a condition where they would be able to manufacture at cheaper cost; and we have also striven to get all the mechanical devices, sir, we could, so as to aid us in our cultivation, and we have been using fertilizers heavily. The result has been that every dollar of profit has been reinvested for the betterment and amelioration of the sugar industry. The cost of making sugar in the older days when we sold at those high prices, from 6 cents up to 9 or 10 cents, was but little under the price we obtained for the sugar, and if we had not been injured by what I have been trying to explain—the course of Germany, whose purpose is and has been to break down these industries—and had gotten this year even 4 cents we would have made a profit.

Mr. McCLELLAN. In other words, you had to have protection of some kind?

Mr. HILL. We absolutely have to have it. It should be granted liberally to save us from getting into the hands of the Germans or any other nation. We must keep that industry up in the United States.

Mr. McCLELLAN. You say the price of refined sugar is made in Hamburg?

Mr. HILL. Yes, sir.

Mr. McCLELLAN. It includes also, I take it, the price of French sugar?

Mr. HILL. Yes, sir. The Hamburg price is really the price the sugar sells at, under their regulation, in the London market.

Mr. ROBERTSON. You said a while ago that the largest buyer we had, I think, was the trust?

Mr. HILL. Yes, sir.

Mr. ROBERTSON. And that they give us three-sixteenths of a cent less than what?

Mr. HILL. That they reduce the price which they had to pay for sugar in New York by three-sixteenths of a cent, and give us that price for our product in Louisiana.

Mr. ROBERTSON. You say that if Cuban sugar were to come into this country free that they would control the market of raw sugar, and hence we could get no profit in the future?

Mr. HILL. Yes, sir.

Mr. ROBERTSON. It is there at that point you state that free Cuban sugar will annihilate the industry in Louisiana?

Mr. HILL. Absolutely.

Mr. ROBERTSON. How many people are interested in the sugar industry in Louisiana, directly and indirectly?

Mr. HILL. Half a million; but, as I have shown, those people are not the only people who are interested in sugar. As I tried to make plain in my statement a minute ago, the money realized from sugar in Louisiana is distributed in almost every State in the Union, from Maine to Washington and from California down to Florida.

Mr. ROBERTSON. But I mean within the State itself?

Mr. HILL. Yes, sir; half a million.

Mr. ROBERTSON. Do you know anything about the condition of the rice industry in Louisiana—I mean in so far as the amount produced is concerned—whether it has reached the point of export yet or not, or whether it will soon do so?

Mr. HILL. I am not familiar enough with the rice question to enter on that subject, although I know that some is exported.

Mr. ROBERTSON. What use can we put these sugar lands to in case the sugar industry should be destroyed?

Mr. HILL. I have been coming to Washington, as the chairman of this committee knows, for several years. Ever since the inauguration of Mr. McKinley the first time I have been on friendly terms with the Secretary of Agriculture, and the prayer and plea that I have been putting to the Secretary of Agriculture on every occasion is "for heaven's sake discover some use to which the sugar lands of Louisiana can be put if we have to go out of sugar." But we have not found any other use for them yet.

Mr. ROBERTSON. Can we raise wheat there?

Mr. HILL. We can not.

Mr. ROBERTSON. Can we raise corn?

Mr. HILL. We can not to the amount per acre obtained in the Western country.

Mr. ROBERTSON. Is it fit for cotton?

Mr. HILL. No; cotton goes mostly to stalk.

Mr. ROBERTSON. Have you ever made a calculation as to the proportion the capital in sugar on the tax list bears to the other property in the State?

Mr. HILL. I have not.

Mr. ROBERTSON. Can you estimate at all about what that proportion is?

Mr. HILL. My recollection is—

Mr. ROBERTSON. It has been stated that it is about one-third.

Mr. HILL. My recollection is that the total valuation of Louisiana is about \$300,000,000. That would make it about one-third.

The CHAIRMAN. If the hope of the beet-sugar people should be realized, that in the course of ten years they would be able to supply the entire consumption of sugar in this country, in competition with Cuba, that would seem to be the end of sugar raising in Louisiana, would it not?

Mr. HILL. I tried a minute ago to explain that, in reply to the question of Mr. McClellan. We have, within my experience in sugar raising, so developed the industry—

The CHAIRMAN. I understand that—

Mr. HILL. Now, I do not consider that we have yet reached bed rock. It is possible there still may be something gained which will permit us to raise sugar cane at less price, and we would still be competing—

The CHAIRMAN. Will you ever overcome the difficulty of having to plant frequently? You are obliged to plant every two or three years, are you not?

Mr. HILL. Every two years.

The CHAIRMAN. And in Cuba they only have to plant every ten years—about?

Mr. HILL. In Cuba they plant every four to twenty years.

The CHAIRMAN. You will never reach Cuba on that proposition?

Mr. HILL. No, sir; never.

The CHAIRMAN. And that is a source of great expense, is it not?

Mr. HILL. Yes, sir; not less than \$20 an acre planted.

Mr. LONG. You spoke of Cuba flooding our markets with sugar. Cuban sugar will come here anyway, whether we take any action or not, will it not?

Mr. HILL. If sugar comes in at the price it ought to come in at, viz, plus the tariff, they will not be able to sell their sugar at a less price than ours, and instead of being a deluge, it will be like a rain—disagreeable, perhaps, but not destructive.

Mr. LONG. Suppose that we make a reduction of 50 per cent, what effect would that have on the price of sugar in this country?

Mr. HILL. I tried to make that proposition clear in my first statement; that the object for which the tariff is levied is to keep the price at a line which would be remunerative to those who are inside the wall of protection. Therefore the converse would be true, that if you take off that tariff there would be that much reduction in the price.

Mr. LONG. I am not speaking of a reduction on all sugar, but simply on Cuban raw.

Mr. HILL. But the crop from Cuba amounts to 850,000 tons, which is more than one-third of the entire consumption of the United States; so you will readily see if that is brought in here it must have its effect on the price in the United States.

Mr. LONG. Would it affect the price of raw sugar?

Mr. HILL. Yes; it would affect the price of all raw sugar.

Mr. LONG. To the extent of the reduction in the tariff?

Mr. HILL. It might not do it to the extent of the reduction, but if the cut be very deep it will come close to it.

Mr. LONG. Would it affect the price of refined sugar in this country?

Mr. HILL. Not according to my theory, as that price is fixed by the cost in Hamburg, plus insurance, tariff, and the like, delivered in New York.

Mr. LONG. Who would get the benefit of that reduction on Cuban sugar?

Mr. HILL. Whoever bought it and sold the refined.

Mr. LONG. Would any of it go to the Cuban planter?

Mr. HILL. Not in my opinion. I do not believe they would get a cent's worth of benefit from it.

Mr. LONG. I suppose every member of the committee has received a protest in which there is this statement: "The Cubans desire that they shall be helped by the remission by our Government of the sugar duties levied under the Dingley tariff. We protest because this method singles us out from among all these sons of our American country as the victims whose substance is to enrich the cane fields of Cuba." What do you mean by "enriching the cane fields of Cuba?"

Mr. HILL. That had reference to the products of Cuba. We are competitors of theirs. If the duty be reduced, they will sell their sugar cheaper than we can and drive us out of the market. Our fields will be idle and valueless and the cane fields of Cuba be enhanced.

Mr. LONG. But at present the reduction would not inure to the benefit of the planter of Cuba.

Mr. HILL. A reduction would simply amount to this: That we will get a price less than the price we are getting now, and by reason of that fact we could not sell the sugars we have on hand to-day, even at the price we are able to sell them at now. Therefore it would be our substance that would be taken away by reason of the reduction of duty, and the Cubans would sell at a profit which would tend to the enrichment of this foreign country. That is why we make that statement. We say, if Cuba must be helped, let all of the United States help all of Cuba!

Mr. LONG. What has been the effect in Porto Rico of the concessions made to them?

Mr. HILL. It has increased the output wonderfully.

Mr. LONG. Has the benefit gone to the Porto Rican planter or the sugar trust?

Mr. HILL. I would have to know whether the sugar trust bought all the crops at option or not, and that I do not know. I have my opinion. I should think that what is happening there is what happened in Hawaii, and there the trust bought every pound of that sugar pretty much at its own price.

Mr. LONG. If a reduction is made by Congress, do you think it ought to be on refined sugar or on raw sugar?

Mr. HILL. I can not bring my mind to think that there should be any reduction on either kind.

Mr. LONG. But if there is a reduction made should it include both?

Mr. ROBERTSON. Is there any sugar refined in Cuba?

Mr. HILL. Please let me answer the question of Mr. Long. The reason why, when we were here before, we were perfectly willing to support a differential in favor of refined sugar is that it increases its price. Therefore we take this position: That we do not want reductions on anything—neither on the raw nor on the refined—and if you

insist on having reductions, of course everything that is to be reduced ought to be brought down to the least point of reduction. Therefore I am not in favor of the reduction on refined.

Mr. LONG. But if reduced, you think it ought to be confined to raw sugar?

Mr. HILL. I do not think it ought to be touched at all.

Mr. LONG. I understand; if it is, it should be confined to raw sugar?

Mr. HILL. I can not see any reason for any "if" in it.

Mr. MCCALL. Where is the Louisiana crop sold chiefly?

Mr. HILL. In the city of New Orleans.

Mr. MCCALL. Do you ship it from there to New York?

Mr. HILL. No, sir.

Mr. MCCALL. Where is it refined?

Mr. HILL. In New Orleans; there is a magnificent refinery there.

Mr. MCCALL. What fixes the price you get for Louisiana sugar; is it the New York price?

Mr. HILL. As I stated before you came in, the sugar trust makes it a rule that when we have our crop for sale they take the price in New York and compel us to sell it at three-sixteenths less.

Mr. MCCALL. That is, they adjust your price in New Orleans according to the price in New York?

Mr. HILL. According to the price they have to pay in New York.

Mr. MCCALL. The price in New York is fixed by the price in Hamburg, plus the freight, plus the duty, is it not?

Mr. HILL. The price is fixed by the Hamburg price, both for the raw and for the refined, but, as was stated yesterday by Mr. Leavitt, the real price of sugar in New York, based on the Hamburg prices, should be for raw sugars 3.69, and instead of being 3.69 it is put at at 3.375, if I recollect aright, and that is an abatement of price forced by the power of the trust.

Mr. MCCALL. You do not think there would be two prices for sugar in a given port, say in New York?

Mr. HILL. I explained that a moment ago.

Mr. MCCALL. That is, in the same port for the same grade would there be two prices?

Mr. HILL. There would be a calculated price of what sugars were worth in Hamburg placed in New York, and then there would be the absolute price paid for sugar in New York, which is a different thing. If you will look at the report of Willett and Gray, you will find the price to-day in New York is 10 points higher than is estimated to be the price of Hamburg sugar delivered in New York, but, as I explained a moment ago (it is not worth while to take this all down, because I have gone through it fully), when the Hamburg man brings his sugars to New York, the instant he gets them there the refiner cuts, so that the Hamburg man must meet a loss.

Mr. MCCALL. I was speaking of raw sugars. If Cuban and Hamburg sugar were in the same market at the same time (raw sugars), they would sell at the same price, would they not?

Mr. HILL. Yes; I presume so.

Mr. MCCALL. Would it not be axiomatic that that would be so?

Mr. HILL. I say I presume so.

Mr. MCCALL. If we would have to import any considerable deficiency, would not the Cuban sugar be sure to bring in New York what the Hamburg sugar would bring in New York?

Mr. HILL. No, sir. I am speaking of raw sugar—the Cuban sugar particularly. I made the statement—I do not know whether you were

present or not—that the position given to the American sugar trust, if the legislation which they favor is passed, is such that they will absolutely control the price in the island of Cuba, not regarding the price of Hamburg sugar in New York. They will fix a price by bringing up sugar from Cuba and selling it in New York at a fictitious price and underselling the American trade. This price they will offer to the Cuban, regardless of the sugar's real value, and compel him to take it, and then they will bring it to New York and refine it.

Mr. ROBERTSON. That is true anyway in different seasons of the year. Suppose, when we put our sugar on the market in the fall the Hamburg sugars can not be bought at a certain price on account of the fact we have a lot of raw sugars in the American market, and where there are competitors with them to that extent, and therefore at certain seasons of the year when we have two markets to buy from they can fix the market in Louisiana to suit their purpose. Would not that also be true as to a season of the year when they could purchase sugar from Cuba?

Mr. HILL. Yes; that was what I was explaining to Mr. McCall. They could force the price of Cuban sugar down below the parity of Hamburg sugar in New York.

Mr. MCCALL. There is no Hamburg sugar brought to the port of New Orleans?

Mr. HILL. Yes there is.

Mr. MCCALL. Do you know what that brings in New Orleans?

Mr. HILL. No; I do not. I presume it comes from the other side at a price fixed there and paid there.

Mr. SWANSON. Did you explain what the German kartel is, and how it affects the price of sugar?

Mr. HILL. No; I did not. I referred to it, but I did not go into it at any length.

Mr. SWANSON. Several references have been made to the kartel in these hearings, but nobody has explained it and how it works, and I wish you would do so.

Mr. MCCLELLAN. And I wish you would supplement that by saying whether the same system is in vogue in France and Germany and Austria.

Mr. HILL. Will the chairman be kind enough to allow me to put some clippings from the newspapers into my statement, to show the absorption of Cuban lands by Americans and syndicates?

The CHAIRMAN. Yes, if they are not too long.

Mr. HILL. In answer to the question of Mr. Swanson, the German kartel is, as I understand it, an arrangement made between the refiners of sugar in Germany and what are called the fabrikants, or producers of raw sugar from the beets. In Germany they do not do as they do in the Northwest—dump the beets at one end of the factory and have them come out at the other in the form of refined sugar; but they make a raw sugar which they sell to the refiners. The crop of sugar from beets in Germany this year is 2,200,000 tons. The total consumption in Germany is 800,000 tons, leaving 1,400,000 tons which are manufactured by what are called the fabrikants.

Now, the refiners tell the fabricants in the beginning of the season, "You know how much is needed for the consumption of Germany—800,000 tons. We will buy this sugar from you to refine (800,000 tons), and we will give you an arbitrary fixed price for that, away above what is called the Magdeburg price." Therefore the German raw-sugar producer receives for that one-third of the crop of Germany a

price which is over and above, by large limits, what is the real selling price of sugar in Germany, obligating himself to make no refined sugar for the home market. The refiner does this, and is able to do it, as he alone can sell to the home consumer. That applies to Germany and Austria. When the refined sugar has been made by him he sells it to the consumer at anywhere from 8 to 8½ cents a pound.

Now, the fabricant exports his sugar, after he has put it in a condition to be exported, say 1,400,000 tons. On this he gets 27 cents a hundred bounty, giving him a leeway to undersell competitors by selling under cost of production. The pool consists of the profits made by the fabricant in selling to the refiner, by the profits made by the refiner in selling to the home consumer, and by the total bounty received on exported sugar. They distribute this money so that it results in making a bonus on each pound of sugar that has been made in Germany. What the division is I do not know. It is divided, however, so as to remunerate both the fabricant and the refiner.

Mr. SWANSON. There is no Government function in that?

Mr. HILL. It could not have existed without Government knowledge and approval.

The CHAIRMAN. The Government imposes a tax upon the production of sugar and that goes to help pay the expense of this thing, does it not? Does not that go to pay the export duty?

Mr. HILL. The excise tax contributes to the 27 cents a hundred on the exported sugars.

The CHAIRMAN. So when that sugar is exported that tax is rebated, is it not?

Mr. HILL. Whatever is exported receives a bounty at the rate of 27 cents a hundred, and that is paid out of the Government funds which have been created by this excise tax of which you speak.

The CHAIRMAN. That is so manipulated that it has destroyed the refining business of Great Britain, has it not?

Mr. HILL. Yes. I went over to Great Britain in 1881 and visited a number of refineries in Greenock. I went back there in 1895, and out of all the refineries that I had seen in operation on the former visit there was but one still running. I think that was a refinery of a Mr. Duncan. They had been destroyed by Germany. And that is what is threatened to the sugar industry of this country and of many other countries if bounty-fed sugars are not countervailed.

Mr. SWANSON. You say that is done under the authority of the Government?

Mr. HILL. As I understand it it has been a governmental policy furthered and fostered deliberately in the interests of German and Austrian sugar producers.

The CHAIRMAN. And that is one of the reasons why there is no market for the raw sugar of Cuba?

Mr. HILL. They can not get their sugars abroad into the market at all.

The CHAIRMAN. They have no country to sell to except Great Britain, and they can not sell there because the bounty-fed sugars have destroyed the refineries?

Mr. HILL. Yes; and the colonies of Great Britain have been crying to them for twenty years to have countervailing duties to get their sugars into Great Britain.

I had the honor of appearing before you in 1896, prior to when you put on countervailing duties. I have said since, time and time again, that the only nation that has had the grit to do right by its people was America, and it did very right when it put on the countervailing duties.

Mr. SWANSON. What is this Russian system?

Mr. HILL. I can not fully explain it.

The CHAIRMAN. I know I have read it a half dozen times, and I never could understand it.

Mr. SWANSON. I would like you to explain that, if you could. I would like to find somebody who could explain it.

Mr. HILL. If anybody does understand it it is a gentleman connected with our delegation, Mr. Colcock, who is to appear before you later, of whom you can ask that question; he can answer it. (See p. 307.)

CUBAN PROSPERITY.

The following clippings from a resident Habana correspondent to a leading industrial paper in the United States tend to show what has been going on in Cuba:

The grand central factory "Boston," at Banes, belonging to the American Fruit Company, will commence its crop on the 1st of March next, and is expected to produce 100,000 bags, as well as "Santa Lucia," at Gibara, that has just been put under way.

The large factory of foregoing name, located in the district of Cienfuegos, and which was recently purchased by an American syndicate that has taken the name of Damuji Sugar Company, has just placed under culture 40 additional caballerias of new lands, which are equivalent to about 1,350 acres, which will allow them to enhance their annual output to about 40,000 tons.

The large San Francisco central factory will soon be operated at Santa Cruz del Sur, in the province of Porto Principe. It belongs to a syndicate that has been organized in New York, and has already constructed about 10 miles of broad-gauge railway, upon which two locomotives are constantly running to convey trains laden with materials or workmen to all distant places, where either are wanted.

The Cuban Land and Sugar Company have just contracted for the planting with cane of 1,000,000 acres of land at San Nicolas; the company which had heretofore sold their cane to neighboring factories intends to establish a mill and grind it for their own account.

Arrangements are being made to establish at Yaguaramas, in the province of Matanzas, another large sugar central factory. The promoters of the scheme here succeeded in obtaining the assistance of several American capitalists who have subscribed for a certain number of shares.

Another large central sugar factory is on the way of being established in the district of Holguin, province of Santiago de Cuba, on the bank of the Bejaru River. About 3,500 acres of good sugar land have already been placed under culture. The mounting of the machinery will soon commence, and, in the meantime, the construction of the railway to connect the plantation with the Central Railroad is being actively pushed. The principal promoters of this new factory, in which a large amount of American money has been invested, are Messrs. Dumois Bros., the representatives in Cuba of the American Fruit Company, of Boston, that already own in the same locality the grand central factory, Boston, that will inaugurate sugar manufacture early next year, and is considered one of the best equipped in the island.

Mr. Stillman, of New York, for whose account a large sugar factory is being erected at Cabo Cruz, on the east southern coast of Cuba, is in treaty to purchase 400 additional caballerias (13,250 acres) in the same vicinity, and the total cost of the factory, including value of the land, is estimated at \$2,500,000.

A royal gift.—The American syndicate proprietors of the Chaparra factory that is being erected at Banes, in the province of Santiago de Cuba, and which will be one of four huge factories in Cuba, purchased 1,000 oxen with the purpose of distributing them among their poorer land tenants, whom the company will also advance on reasonable terms all the money they may need to increase cane planting, as their intention is to turn out from 300,000 to 400,000 tons of sugar yearly. Chaparra will be the most powerful center of the island, with a production from the first epoch of over 200,000 sacks of sugar, with powerful and modern machinery which will cause in Cuba an industrial revolution by its novelty, in its installation, and in its workings, with its extensive fields of cane (of more than 300 caballerias, equal to 10,000 acres), of great production and excellent cultivation, and its extensive railroad (over 40 kilometers) and its commodious port of Casacero. This enormous planting is without precedent in the history of Cuba and robably of the entire world.

Plantation Union, situated on the Cardenas and Jucaro Railway line, about 9 miles from the port of Cardenas, has just been purchased for account of an American syndicate, and as said plantation was almost totally destroyed during the war its new proprietors intend to rebuild and equip it with all the most modern and improved apparatus. The land is said to be exceedingly fine, and the greater part of same has been placed under culture after the termination of the war.

HABANA, April 7, 1901.

American investors continue to place money in Cuba, and scarcely a week passes but some new commercial enterprise, fostered in the United States for the development of the island's resources, comes to light.

Another American syndicate, presided over by Mr. John J. Craig, of Philadelphia, has lately invested heavily in sugar lands on this island and purchased a large tract adjacent to the Cauto River, in the province of Santiago de Cuba. The company intends to build on said premises a large factory, which will be equipped with all the most modern sugar improvements. Mr. Craig has been engaged in sugar business with Cuban planters for the past thirty years.

HABANA, September 24.

Congressman R. B. Hawley, representing American capitalists, has purchased the Tinguaro sugar estate, one of the largest in Cuba, in the province of Matanzas. The estate includes 20,000 acres, which, with other large properties along the south coast that Mr. Hawley is arranging for, will, it is expected, alone produce 100,000,000 pounds (44,000 tons) of sugar.

A large part of the land visited is virgin soil, upon which \$1,500,000 will be expended, including the cost of improvements.

Two American citizens, Messrs. Ladd and Barlow, have just entered into a copartnership with a well-known and experienced Cuban fruit grower, Mr. Casanova, to establish, on a large farm, located at Santiago de las Vegas, near this city, and belonging to the latter, an orange grove, which is expected to be the largest on this island, when the plans upon which the company is operating be perfected. The concern will be run under the Florida plan, and is expected to afford handsome benefits to its proprietors.

A certain number of American capitalists have determined to invest heavily in Cuba, and besides the acquisition of 75,000 acres of good sugar-cane land near Cienfuegos by a syndicate of New York capitalists, a certain number of large tracts of land located at both extremities of the island, at Santiago de Cuba and Pinar del Rio, have recently been sold to American companies, and several others are in treaty with the representatives of the respective syndicates, which shows that people in the United States who have money to invest commence to realize that Cuba offers them a good field for speculation.

HABANA, April 10, 1900.

Despite the advice of the insular secretary of agriculture, Gen. Rius Rivera, it is said that a certain number of American capitalists have lately invested heavily in sugar deals on this island, and that they are sure such investments will soon become a paying business, whether Cuba be annexed to the United States or not.

HABANA, October 16, 1899.

In spite of all that has been said about the reluctance of Americans to invest their capital in Cuban property, large purchases are being daily made by them, and to-day I can report the recent sale of the famous banana farm called Cabonico, located in the vicinity of Holguin, to a large American company, that intends to commence at once the reconstruction of the farm, on which a certain number of American families purpose to colonize, and conduct thereon a large fruit and tobacco-culture business.

I hardly believe it is possible that the United States people will be able to consume the totality of the fruit to be grown in Cuba for their exclusive use and consumption.

Corn growers seeking protection.—Cuban corn growers request the government to enhance duty on American corn imported into this island, since that of 15 cents per bag of 100 pounds keeps prices so low that they can not dispose of their crops without experiencing heavy losses. They accordingly ask that the duty on corn proceeding from the United States should be raised to 60 and 65 cents per bag, as a measure calculated to protect the home growth, as otherwise they are utterly unable to compete with American Western corn.

HABANA, *February, 1900.*

The large central sugar factory, located at Santo Domingo, in the jurisdiction of Sagna la Grande, is reported as having just been sold to an American syndicate that intends to increase its producing capacity and make of it one of the largest sugar-producing centers on this island in less than one year.

HABANA, *February 10, 1900.*

Consolidation of sugar refineries.—The proprietors of the sugar refineries at Habana, Matanzas, Cardenas, and that on plantation "Providencia," at Guines, have formed a syndicate or trust, consolidating their interests under a joint management, whose business is to be conducted under the style of the United Cuban Refineries, Messrs. Quesada & Alonso, of this city, to represent them for the sale of all their goods.

Another Habana dispatch says: "It is reported that the grand central factory Lugareno, at Minas, province of Porto Principe, has just been sold to an American syndicate for \$800,000 United States currency, the purchasers to take charge of said factory after the taking off of this year's crop.

"Another American company has made propositions for the purchase of central factory San Miguel, at Porto del Padre, in the same province as above, and the transaction has not as yet been closed owing to a difference in price, for while the owner, Señor Francisco Pla Picabin, wants \$1,500,000 for his plantation, buyers' offer does not exceed \$1,200,000; but owing to the strong desire to come to a fair understanding, it is likely that the question will soon be settled in a satisfactory manner.

HABANA, *June 12, 1899.*

The representative of the powerful New York syndicate is in treaty for the purchase of several large sugar plantations, which he offers to pay cash for, after redeeming all mortgages thereupon attached. To other parties, who are as yet unwilling to part with their properties, large advances are made them, on liberal terms, on produce of the next crop, which remains affected to guarantee payment of advanced money.

A syndicate is buying up all lands to be acquired along the Jucaro-Moron Railway and the ancient military trocha, with the avowed purpose of carrying thereon sugar culture on a very extensive scale.

An American company is being spoken of that intends to invest \$1,000,000 in the purchase of 100,000 acres of land. They are sanguine of making fortunes, growing, besides sugar cane and tobacco, all sorts of tropical fruits for the Northern markets.

The factory Narcisa, in the Yaguajay Valley and belonging to the Narcisa Sugar Company, of New York, is progressing in a very satisfactory manner, and is expected to take off in 1901 an extraordinary crop. Besides the old plantings, about 2,650 acres of land have been sown this year.

HABANA, *April 22.*

Thomas F. Galvin, a Boston florist, and George Howard Wood, of that city, are here in the interest of two Boston syndicates controlling a capital of \$600,000.

One industry that they have started is the growing of palms for the States. The palm grove is about a mile from Santiago and covers 500 acres.

The palms that will be more particularly cultivated are the kenta, curica, latina, and drecena species. Rubber plants will also be raised.

The palms and plants will be shipped direct to New York and Boston markets. The same men who are interested in the palm-growing scheme have organized a company with a capital of \$300,000 for the cultivation of tobacco in Santa Clara Province under the name of the Nicaragua Tobacco Company.

HABANA, *September 22, 1900.*

An American syndicate that means business has just purchased a large tract of land, covering about 14 leagues, between rivers Cauto and Salado, in the province of Santiago de Cuba, whereon they contemplate to establish a grand central sugar factory and a large hog-breeding farm, to conduct on an extensive scale and simultaneously with the manufacture of sugar, that of lard, hams, bacon, sausages, salted, pickled, and smoked pork, which will undoubtedly prove to be a well-paying business, since the company will be able to sell their goods cheaper than the similar ones imported from the United States.

This indicates what will become of the remnant of our markets for salted meats in Cuba. And yet the wily promoters and Spaniards in

Cuba want to interest our farmers and packers in getting reciprocity for Cuban sugar.

Of the four huge sugar estates in Cuba, the largest of all will be that of Cabo Cruz that an American capitalist is erecting at said place, in the province of Santiago de Cuba, and whose producing capacity will be, it is said, about 225,000 to 230,000 bags; next will come Chaparra, with 200,000; and after this, Caracas, in the province of Santa Clara, and belonging to Messrs. Terry Brothers, whose capacity is estimated the same as that of Constancia, in the same locality, and which has been recently sold to an American syndicate, at from 140,000 to 150,000 bags. It is likely that if what is said about the Cabo Cruz factory is true, it will be one of the largest if not the largest in the world, since its production will range between 40,000 and 45,000 tons of sugar.

Cuba sugar factories.—The number of sugar factories existing in Cuba to-day is estimated at 361, whose location is as follows: Pinar del Rio, 20; Habana, 40; Matanzas, 118; Santa Clara, district of Sagua, 43; Cruces, 15; Santa Clara, 14; Cienfuegos, 32; Remedios, 20; Sancti Spiritus, 7; Puerto Principe, district of Nuevitas, 6; Santiago de Cuba, district of Manzanilla, 14; Gibara, 3; Guantanamo, 11; Santiago de Cuba, 8. Total, 361.

It is generally expected that the construction of the Central Railway will impart great impetus to the sugar interests in the province of Puerto Principe, the drawback of which was chiefly the lack of easy and cheap ways of communication.

A writer from Cuba says:

For many years Cuba has raised but little coffee. Planters found sugar a more profitable industry, and turned their attention in that direction. In the first quarter of the last century Cuba was producing nearly 10,000 tons of coffee a year. In 1846 there were 1,600 coffee plantations on the island. In price, Cuba can never compete with the Brazilian coffee. But in that which to many is of far greater importance—quality—Brazil offers no competition. Cuba can grow the finest coffee in the world, and can grow a large percentage of the coffee which coffee drinkers want to use.

Cuba's tobacco production has heretofore been quite exclusively limited to special and high grades. In that department she has no competitor. Vuelta Abajo tobacco stands, with sea-island cotton, Manila hemp, and a few other world specialties, unique, incomparable. But Cuba can produce a very notable percentage of all the cigars used in this very smoky world.

The greater part of the Cuban tobacco trade is now in the hands of two or three large concerns that control the output and, in many cases, stand behind the purchasers by advancing money on the crop. Pineapples are receiving considerable attention, and there are both promise and opening for wide extension of their cultivation. Cuba is a land of fruits and vegetables, and the great markets of America are open to her products. Many vegetables will produce two crops per year, and some are perennial.

The writer then proceeds to speak of the timber, iron ore, coal, asphaltum, and marble in Cuba, with rumors of gold and silver, but omits her land available for cattle raising. He concludes—

Cuba is a land of unlimited promise, a sun-kissed spot, with a marvelous soil.

Why should we, upon such a showing, extend to Cuba favor on products that so sharply compete with our own farmers? There must be some hidden reason for all the zeal that is being exhibited for Cuba.

HABANA, May 11, 1900.

The United Fruit Company, located at Boston, has purchased on this island a large tract of land near Gibara, in the province of Santiago de Cuba, contemplates erecting thereon a first-class sugar factory, at a cost of \$500,000, and many more thousands will be spent in the preparation and culture of the fields.

STATEMENT OF HON. H. C. WARMOTH,

Sugar grower, parish of Plaquemines, La.

Mr. Chairman, I have heard the question asked a number of times by members of this committee of people who have appeared here in the interest of the sugar industry as to whether the time would ever

come when the United States could produce its own sugar in competition with the world. I am prepared to answer that question in the affirmative.

When I began the business of sugar growing in Louisiana, twenty-odd years ago, the largest establishment was one that could turn out 150 tons of cane a day—about 20,000 pounds of sugar. At that time sugar sold at 10 cents a pound in the New Orleans market, under a protective system varying sometimes at one rate and sometimes at another. We have in Louisiana developed the sugar industry until we now turn out four to five to ten million pounds of sugar from one factory. We have mills which, instead of turning out 150 tons of cane a day, are able to turn out 2,000 tons of cane a day, and all of the earnings that have come to the sugar growers in the State of Louisiana for the last twenty-odd years have gone into this development.

So that to-day we are able to make more money in the State of Louisiana at $4\frac{1}{2}$ cents a pound for sugar than we were twenty-odd years ago at 10 cents a pound. And I want to say further, Mr. Chairman, that in my judgment we have just begun to understand the industry.

We have in the State of Louisiana a garden at an experiment station, which is kept up at large expense. There we have over 150 different varieties of sugar cane. We have scoured the world for these varieties. They are planted with the greatest care; they are cultivated with the greatest care; they are tested every week; and that has been going on year after year, until we now have found two varieties of cane which are being distributed among the planters of the State of Louisiana, whereby we have every assurance from our authorities—the authorities of the experiment station—that it will stand the rigors of our climate better than any other, that it will grow a larger tonnage to the acre, and that it will give an immensely larger yield of sugar per ton.

This has been going on for a number of years, just as it has been going on in Germany and in France, where a hundred years ago the necessities of Napoleon required him to find some other sources for getting his sugar than the West Indies. He then took this beet, this great big sugar beet, which then had but 3 to 4 per cent of sugar in it, and by bounties and legislation and careful selection they have produced a beet that will give 22 per cent of sugar.

From 3 per cent it has been developed up to 22 per cent of sugar. That has not been done in a day. They have been a hundred years at it in France and Germany. And, Mr. Chairman, they have not had an act of Congress introduced every time Congress has met to change the duty on sugar. In the twenty years I have been engaged in sugar culture we have not had a Congress that has not introduced a bill to change the duty on sugar. It has been all the way from $3\frac{1}{2}$ cents a pound down to free sugar and bounties. Hardly a session of Congress has come on but what some patriotic gentleman wants to reduce the duty on sugar, and it always occurs just when we are harvesting our crops.

The CHAIRMAN. That is when Congress meets.

Mr. WARMOTH. Now, the policy of France and Germany and these countries that are able to produce sugar enough to supply their people and export millions of tons to the outside world has been a steady policy. They have done the same thing in Germany for a half century, and under that policy the Germans have known what their Government was going to do; they have been able to work and expend

their money with the hope of being able to accomplish something, and without the threat or menace of a change of the policy of the Government, such as we are constantly having in this patriotic America.

And now, what is the situation? You have gone on and added to the territory of the United States in the last few years Hawaii. The Hawaiian gentlemen who came here told you that they would never be able to produce more than 100,000 tons of sugar, and you recognized their government which they set up there, and you held them in power, and you allowed them to import Japanese and Chinese laborers and fill up the island with those people, and now they produce over 500,000 tons of sugar. You have added Porto Rico to our territory, you have added the Philippines, and we are still working under those circumstances. I am not unpatriotic enough to condemn the addition to our territory; I am not going to say I am opposed to that; it is too late. We welcome them all now. We have Hawaii with her 500,000 tons of sugar, and we have Porto Rico with 100,000 tons; we have, I know, millions of tons to come from the Philippines. Have not we got enough territory? Do you want to go out further and drag in any more of these Spanish populations to compete with American citizens in the production of crops necessary to supply the American people?

Now, I propose in a few words to say what I have to say about them, and then I will not keep you any further.

I propose to answer a few propositions presented by the syndicates and Spanish grandees of Cuba, who have had the cheek to come before an American Congress and demand that the industries of our people shall be destroyed that they may make money out of our markets. You are told that the cane-sugar growers of Louisiana can not compete with the cane growers of Cuba. Therefore we are to be destroyed that they may roll in wealth. General Wood seems to have become so infatuated with Cuba and his Spanish associates that he has filled the newspapers with his declarations that the Louisiana industry must go to the wall.

This may be a part of his duty as Governor-General of Cuba, but he has not improved the credit of his countrymen at the banks or encouraged the planters behind the levees of Louisiana to stand by their plows and strive, as they have for nigh one hundred years, to build up an industry that has supported 500,000 people, made a trade of \$75,000,000 annually in the States, and furnished one-eighth of the sugar consumed by 85,000,000 people. General Wood has had time to leave his duties in Cuba to come here to urge the President and Secretary of War to give Cuba free sugar, free tobacco, free fruits, and free everything else. What are his reasons for this? That Cuba is poor; Cuba is in danger of anarchy; Cuba is in danger of brigandage. One of the Cuban lobbyists says that unless you give them free trade that the cows and chickens of Cuba are in danger of being stolen. I suppose that never occurred before in Cuba. [Laughter.]

They have said that unless you give them relief that the cane crop this year will not be harvested; that the mills will not grind their cane. Every one of their contentions and statements are found to be false and ridiculous. There is not a sugar mill in Cuba that is not grinding to-day. The small cane growers, of which we have heard so much, are getting their \$2.25 per ton for their cane, as they have always gotten. The syndicates have all of their supply on hand to make and bag their crops. There is not a chimney in Cuba that is not

smoking, and there is not a man with brain or brawn, who is not content to live in half nakedness in his palmetto-covered shack, under his banana trees, who is not occupied at as good wages as the same class of labor receives in the United States. This has been going on since the Federal occupation of the island. Do these men believe they can, by a display of poverty and rags before this committee, make you believe that they, who admit that they own from 10 to 75,000 acres of land each, are poor and need alms?

Does Mr. Atkins or Mr. Havemeyer, who own thousands of acres of land in Cuba and who admit they have made money up to date, need help? Does Mr. Hawley and his syndicate, who have bought Chapparra and other estates and thrown millions of dollars into Cuba out of Wall street, need aid? Does the Spelman syndicate, who have gobbled up 65,000 acres of the Constantia plantation, having paid \$600,000 for it, capitalized it at \$2,000,000, been offered within a month \$3,000,000 for it—do they need help? Does Cuba, which produced 300,000 tons of sugar in 1900, 650,000 tons in 1901, and now admits a product of 850,000 tons in 1902, need you to give them \$15,000,000 to \$35,000,000 a year on their sugar, other millions on their tobacco, and still more on their fruits and vegetables and other products?

To state the facts is only necessary to answer this contention. General Wood says we can't compete in growing sugar with Cuba. Of course we can't compete with Cuba now if you give her our markets for nothing. Of course we can't compete with Cuba if you are going to stimulate her industry by giving her our markets, worth \$50,000,000 a year. If you do as they say, the speculators of Wall street will flood the island of Cuba with money. These gentlemen here from Cuba, the holders of many thousands of acres of land, will be able to sell their lands to the syndicates for fabulous sums. They will open these lands to cultivation. They will scour the earth for labor and bring it by contract into Cuba by the million.

They will make sugar so cheap that they will swamp the American cane grower and the sugar-beet grower in two years. You could not get a dollar from the bank to build a beet-sugar house or a cane-sugar house in the United States. You would paralyze, ruin, and destroy the American industry. You would have in Cuba 500 or a thousand grandees owning all the lands, a sugar trust producing all of the raw sugar needed for the sugar-trust refinery, and the thousands of American citizens who are now engaged in sugar production, and the millions who will be so engaged if you stand by them, will have to go out of business, and the American people will for all time be in the hands of the Cuban raw-sugar producers, and the American refiners, who, being the same men in both instances, will be in their hands and at their mercy.

Contrast the condition in Cuba with that in Louisiana. They go out into the woodlands of Cuba, cut down and hue off the trees. With a machete or grubbing hoe they go along and stick a little piece of cane in the ground and cover it over. The sunshine does the rest. They don't plow their land, they don't cultivate their land; their only work is to go over them once or twice before the cane grows high enough to shade the land, pull out the vines, and cut down the weeds. They get 10 to 15 crops of cane from this one planting. It don't cost as much to grow a crop of cane on these lands in Cuba as it does to grow a crop of grass in Kentucky. Kentucky will give 4 tons of hay to the acre, and Cuba will give from 25 to 35 tons of cane to the acre.

Contrast the labor conditions in Cuba with Louisiana. Mr. Atkins tells you in his testimony that the labor on the plantations is composed of negroes, Spanish immigrants, and Chinese. He did not tell you that these Spanish immigrants and Chinese coolies have been brought to the island as contract laborers; that they are peons or semi-slaves; that they live in shacks covered with grass or palmetto leaves; that their beds are only hammocks hung between two poles; that they have no floors to their shacks, no windows; that they sleep in their barracks or shacks like slaves or convicts—no homes, no wives, no children; that Cuba, so far as plantation labor is concerned, is a slave pen, with all the evils and degradation, filth and debauchery, that come from that system.

Mr. Atkins attempted to make you believe that the labor in Cuba was the same, the life the same, and the conditions of labor the same as in Louisiana. This is not true. The laborers in Louisiana all have comfortable homes in which to live; they have floors and windows; they have gardens and cows and pigs and chickens and horses and buggies; they have good clothes, and plenty of them; they have their wives and large families; they have schools and churches; their homes are well furnished, are clean and tidy; they have brass bands and make good music; they move from place to place when not satisfied, or their fancy suits them. They are free and tenacious of their rights, and the demand for this labor secures good treatment from their employers.

It is not right to say that the conditions of labor are the same in Cuba as in the United States. They are as different as the civilizations of the two countries are different. A man in Louisiana will live better, live longer, and do twice as much work as he can in Cuba. The Italians who come to Louisiana generally bring their families with them: not so in Cuba. Our Italian immigrants are thrifty, hard-working, peaceable, family-loving people. They soon acquire lands and grow crops for the market. Many of them are tenants on the sugar plantations, and grow cane and sell it to the factories. All of these people read the newspapers. They are voters, and they vote the Republican ticket always. Will Congress build up Cuba, with its servile labor and its enormous estates, to the ruin and destruction of the people in Louisiana and the still higher civilization that prevails in the Northwest?

These gentlemen from Cuba, who come here as medics begging for help, answer their own appeals and make ridiculous their own contentions by telling you what an immense trade you will build up in the United States if you will give them your markets free for their products. General Wood says that only a few millions worth of goods are bought in the United States, while many millions of Cuban money has gone to Spain and France and England. Is it not strange that the Cuban people should have so soon forgotten what the United States did for them in freeing them from Spanish bondage? Or am I not mistaken in this assumption? Are these gentlemen the men who followed Gomez and Garcia and Maceo? Are these the men who met Lawton and Chaffee and Roosevelt at San Juan? On which side of the fortifications did they stand? In fact, were they not with Blanco and Weyler? Were not their plantations garrisoned with Spanish troops, and did they not feed and clothe the Spanish army while it held the Cuban patriots by the throats and starved the Cuban women and children in Weyler's camps?

If this is true, how is it they have the "cheek" to come to Congress for help? These are the men who have, since our occupation of Cuba.

been sending all of their money to Spain, France, and England for their supplies.

The poor Cuban seems to have been entirely lost in the shuffle. You are asked to take up the people who helped Spain to crush the life out of the Cubans, who did not want Spain put out of the island, who tolerate the United States only because it keeps the Cuban patriots from revenging themselves on them for past oppression, and who show their hostility by refusing to buy American goods or trading in American ports.

Talk about Cuban trade! When you destroy the Louisiana industry you will destroy more trade between the States than you will ever have from Cuba. Cuba buys no coal; Louisiana buys millions of dollars worth every year. Cuba buys no mules; Louisiana buys thousands. Cuba buys no feed for her cattle; Louisiana buys thousands of carloads of corn, oats, and hay every year. Louisiana buys more iron, copper, steel, and railroad supplies than Cuba. You will not destroy this trade to build up another of less value. The Louisiana laborer buys more clothes, more food, more boots and shoes, more of all the necessities of life, more books and newspapers, travels more, and indulges in more luxuries than ten Cuban laborers. You won't destroy 500,000 people in Louisiana engaged in the sugar industry to build up a foreign people and a foreign State.

I wish to impress on your minds that every State in the Union is interested in our industry—Pennsylvania, with fleets of coal and iron products; Ohio, with its machinery, cooperage, foodstuffs, and animal foods; Illinois, Indiana, Missouri, Kentucky, Tennessee, Minnesota, Wisconsin, Kansas, and Nebraska all find sales with us for their products. Will you destroy this immense market for one that does not give one-tenth of the demand that we do? I wish also to call your attention to the interests of the railroads and steamboats. They haul hundreds of thousands of tons of cane every year. They transport our sugar to New Orleans, to Memphis, Omaha, Denver, Chicago, Cincinnati, and other distributing points. They are immensely interested in this industry.

You are asked to practically wipe out one-half the business of the city of New Orleans. If we are destroyed you ruin New Orleans. The millions of dollars spent in that city by the sugar growers is building up one of the most beautiful cities in the world. She has instituted a system of drainage which will cost them \$20,000,000 before it is finished. She has taxed herself for fourteen years to pay for it. With it New Orleans will be as healthy as any city in the world. The argument offered for free trade with Cuba to improve her sanitary condition would come with much more force as to New Orleans. We can keep yellow fever out of the United States from Cuba, but if it starts in New Orleans it can not be kept from spreading.

It is proposed by these syndicates to destroy the ironworks and foundries of New Orleans. It is proposed to turn our thousands of engineers and mechanics out of work. It is proposed to injure our banks which loan us money and provide the means for making and moving our crops. Our sugar merchants and brokers are to stop business; our dry goods and other merchants are to lose half their sales; our hotels, railroads, churches, schools, libraries, and theaters are all to suffer a loss from our immense business in order to help a foreign people who are alien to us in race, habits, interests, instincts, civilization, and in everything Americans hold dear.

(Thereupon, at 12 o'clock, the committee took a recess until 1.30 o'clock p. m.)

AFTER RECESS.

At 1.30 p. m. the committee resumed its session.

STATEMENT OF J. N. PHARR, ESQ., OF LOUISIANA,

Cane grower and sugar manufacturer. (See p. 303.)

Mr. PHARR. Mr. Chairman and gentlemen of the Ways and Means Committee, I have come before you to give you some information in regard to the production of cane in the State of Louisiana.

I wish to state, in the first place, that we are just at the breaking strain, or at the point where any further reduction will mean that we will have to quit work; and our principal trouble is in the production of our raw material.

It costs \$3.50 for a man to make a ton of cane in the State of Louisiana and deliver it to the point of shipment. Forty per cent of the cane produced in Louisiana is produced by cane growers, men who have no connection whatever with the factories; and where the lands are owned by the factories the cane is largely produced by tenants, all making the cane and selling it to the factories on the basis of the price of Y-C sugar in New Orleans. That price is made by the price of 96-test sugar in New York, less three-sixteenths of a cent, which is the rate of freight from New Orleans to New York.

I wish to reiterate the statement made here to-day that all of our sugar is sold in that way. I myself sold 20,000 packages of sugar in New Orleans at three-sixteenths of a cent less than the New York price, and never a pound of it saw New York; but it was all refined in the city of New Orleans.

We base the pay of our producers of cane on the price of Y-C sugar, as stated before. In some cases we pay them 80 per cent, in some places 85, and in some places 90 per cent of the amount that Y-C sugar sells for. The reason of that is that in some localities the cane is richer in sucrose than it is in others, and the tonnage is less; and where the tonnage is greater the sucrose is less. So the matter about evens up. In other words, one-half of the sugar that is in the cane is given to the producer of the cane; and it is the best half, for it is the first sugars; or the money for the first sugars, the manufacturer taking his in first, second, and third sugars. As a matter of course the second and third sugars sell for 1 cent a pound less than the first sugars, so we give more than one-half to the cane producer.

Now I will just give you a few figures that I jotted off with a pencil this morning in regard to my house. It is an 800-ton house and is well equipped. Last year we manufactured cane there for \$1 a ton, which is about as cheap as it can be manufactured by any house that we have to-day, and we have some pretty well equipped houses.

My house manufactured 46,000 tons of cane. The price paid for that cane was \$137,000. A large portion of it was transported, and the transportation cost \$13,000. It cost, in repairs, for keeping up the house during the year, including taxes and insurance, \$16,000; and, on the basis of last year, it cost \$46,000 for the manufacture of the sugar, making the sum of \$212,000. We made seven millions of sugar. That sold in New Orleans on a basis of 3 cents, which it would not more than average in first, second, and third sugars, making \$310,000. Now, you have to sell that sugar, and to transport it to New Orleans and sell it costs \$12,000—showing a deficit in the factory's business of about \$16,000, I think.

Mr. METCALF. Just a moment there. How much sugar do you say you manufactured?

Mr. PHARR. Seven thousand tons, sir—I beg your pardon; seven millions of pounds.

Mr. METCALF. That would be \$210,000 instead of \$310,000, would it not?

Mr. PHARR. \$210,000; yes. Did I say \$310,000?

Mr. METCALF. You said \$310,000.

Mr. PHARR. You are right, sir; I should have said \$210,000. These figures show a deficit of about \$16,000 in the year's business, and almost every cane producer, as well as I personally, raised cane at a loss. The average price, I think, was \$2.97½.

The CHAIRMAN. Is that the average cost?

Mr. PHARR. The average price paid for the cane, sir.

Mr. STEELE. Per ton, do you mean?

Mr. PHARR. Per ton; yes, sir. If you divide \$137,000 by \$46,000, I think you will find that that is about the figure.

Mr. METCALF. How many tons of cane are required to manufacture a ton of sugar of 2,000 pounds?

Mr. PHARR. Our cane in our well-appointed houses runs from 150 to 180 pounds. At some seasons of the year we have made more, but the average house the season through will run from 150 to 180 pounds. As stated before, in some localities the cane is higher in sucrose than in others.

That shows a loss to all the parties. There was, however, an incident in that showing which fortunately does not occur every year. We had a freeze which injured our cane somewhat and cut down my yield from 167 pounds of first and second sugars to 150. Without that ordinarily I should have made very nearly 8,000,000 pounds of sugar. That at the prices I have named would have showed a small profit for the factory, but no profit whatever for the cane producer, and without the raw material we can not run our factories.

Therefore I make the statement that with us any further reduction in the price of sugar simply means that we will be bankrupt.

As stated before, we sell our crop for three-sixteenths of a cent less per pound than the New York price, which is necessary unless we can make a grade of sugar that will go into consumption. Some of us do, and we all could do it if we were guaranteed that we would have no legislation which would be ruinous to our interests. It would necessitate the purchase of boneblack, which is quite expensive, among other things.

Gentlemen, I will make this statement—that almost all of the cane in Louisiana has to bear transportation of some sort or other. We used to have some 1,200 and odd sugar houses in the State. We have less than 400 factories now, I think. At that period of time the cane could all be hauled to the sugar houses. Now it has to be transported long distances, and almost all of it has to bear transportation.

Mr. STEELE. Why is it that you do not send your product direct to the consumer, without that three-sixteenths of a cent off?

Mr. PHARR. Because we do not make an article of sugar that will go into consumption.

Mr. STEELE. But they do at the refinery in New Orleans, do they not?

Mr. PHARR. Yes, sir; but that refinery is owned by one of the biggest concerns in the United States, and we are minnows as compared with that whale. We are not able to do it.

Mr. STEELE. It is the whale that is eating you and not Congress, is it?

Mr. PHARR. That is it; it is the whale. We hope Congress will abolish the whale or keep him off us. [Laughter.]

The CHAIRMAN. You spoke of three-sixteenths of a cent per pound being the freight from New Orleans to New York.

Mr. PHARR. Yes, sir.

The CHAIRMAN. Is that the freight?

Mr. PHARR. It is so stated. That is the difference they make.

The CHAIRMAN. By whom is it stated, the railroad companies or the steamship companies, or how do you get it? Do you get it from the sugar refiners?

Mr. PHARR. I get that statement from the broker who sells my sugar; and it is a statement made all over the city of New Orleans, with which every man who sells sugar there is conversant. I think that is the established freight; I think it is the cost.

The CHAIRMAN. At any rate, that is the difference in price? There is no doubt about that?

Mr. PHARR. That is the difference in what it costs to put our sugar in New York from New Orleans; and it never gets there.

The CHAIRMAN. Were you engaged in the sugar business from 1894 down to 1897, including both years?

Mr. PHARR. Yes, sir.

The CHAIRMAN. When the tariff was 40 per cent ad valorem?

Mr. PHARR. Yes, sir.

The CHAIRMAN. What was the effect on the sugar business of that tariff?

Mr. PHARR. In that year, sir, if it had not been for the millions of dollars that Congress appropriated to pay us the bounty we would all have been bankrupt.

The CHAIRMAN. The bounty was earlier than that. There was no bounty after 1894. That was under the Wilson tariff.

A GENTLEMAN. There was \$5,000,000 paid by the action of Congress for bounties, \$4,000,000 of which went to Louisiana, in 1894.

The CHAIRMAN. But the bounty ceased in 1894. Now, what was the effect on your business in 1895?

Mr. PHARR. The effect was that we would have all been bankrupt, sir; we could not even have bought bread if it had not been for the bounty that was accorded us.

The CHAIRMAN. Did the bounty in 1894 last you during the three years following?

Mr. PHARR. No, sir.

The CHAIRMAN. You had that 40 per cent ad valorem in the crops of 1895, 1896, and 1897?

Mr. PHARR. Yes, sir.

The CHAIRMAN. And no bounty?

Mr. PHARR. And we barely lived.

The CHAIRMAN. You did live, however.

Mr. PHARR. Well, we did exist.

The CHAIRMAN. You existed?

Mr. PHARR. Yes, sir; we did exist.

The CHAIRMAN. What was the result to your business in 1895, 1896, or 1897? Was there a loss or a profit?

Mr. PHARR. We were all more or less in debt, sir. If a man had any money, he lived on it; if he did not have any money, he lived on his prospects. [Laughter.] We were all more or less in debt, sir, and some of us pretty badly. We have not all of us gotten out of debt yet.

Mr. NEWLANDS. Was sugar higher at that time, in 1896 and 1897?

Mr. PHARR. I think it was.

Mr. NEWLANDS. Was it higher than it is now?

Mr. PHARR. I think it was, sir. I am not sure of that, but I think it was.

Mr. NEWLANDS. Was it higher than in 1894?

Mr. PHARR. No, sir. We sold sugar one year at $2\frac{1}{2}$ cents and $2\frac{1}{4}$. No, sir; we sold sugar at that price, but we could not have lived at that price.

Mr. NEWLANDS. What do you sell it at now?

Mr. PHARR. Three and a half cents, sir; about that.

The CHAIRMAN. When does the harvest of the present crop commence? Has it already commenced?

Mr. PHARR. Our crop is harvested from October until January.

The CHAIRMAN. You have sold the present crop, then, have you?

Mr. PHARR. Yes, sir; the present crop is practically sold.

The CHAIRMAN. At $3\frac{1}{2}$ cents?

Mr. PHARR. About on that basis; yes, sir.

The CHAIRMAN. Is it all out of the hands of the planters of New Orleans, practically speaking?

Mr. PHARR. It is practically all out of the hands of the planters. Some few men hold their sugar, but it is practically all out of the planters' hands.

Mr. METCALF. To whom do you sell your sugar?

Mr. PHARR. The American Refinery and William Henderson.

Mr. METCALF. What are the by-products of the sugar cane? What do you do with them?

Mr. PHARR. A little black molasses, which sells for 1 cent to 2 cents a gallon. That is all, sir. Our bagasse we use for fuel.

Mr. METCALF. The American Sugar Refining Company, then, is located at New Orleans?

Mr. PHARR. Yes, sir.

Mr. METCALF. That is the "whale" to which you referred a few moments ago?

Mr. PHARR. That is the principal whale, sir.

Mr. BABCOCK. Do you get the product known as New Orleans molasses or New Orleans sirup from the cane?

Mr. ROBERTSON. Open-kettle molasses, in other words.

Mr. PHARR. We do not make it, sir. There is some open-kettle molasses, but our centrifugal factories do not make it.

Mr. BABCOCK. That brings a high price, does it not?

Mr. PHARR. Well, yes, sir; it brings a fair price, I believe—anywhere from 10 to 20 cents a gallon.

The CHAIRMAN. You make it into sugar now, do you not?

Mr. PHARR. We manufacture our cane juice up into sugars first. We take what is thrown off centrifugally and make second sugars of it, and we take that and make third sugars of it. That necessitates three handlings and three boilings.

The CHAIRMAN. The refiner produces molasses in refining sugar, does he not?

Mr. PHARR. Yes, sir; some. That is rather out of my line, gentlemen; I do not know a great deal about it. As I understand it, however, he takes our first sugars and mixes low-grade sugars with them, and, as a matter of course, he has a little offal from that, which is molasses or blackstrap.

The CHAIRMAN. Are there any other questions?

Mr. PHARR. If you will allow me, I would like to say a few more words, sir.

The CHAIRMAN. Certainly.

Mr. PHARR. I came up the road the other day with Mr. Spellman, who is largely interested in Cuba. I was talking with him, and he tried to leave me under the impression that all of the available lands for sugar in Cuba were already in cultivation; that there were no further lands there, and that there was no possible increase to be expected from Cuba. A little later we talked again on the subject, and he told me that he owned 100 square miles of land in Cuba. That calls for some 640,000 acres of land. He said that he had 27 plantations; that his factory had made 20,000 tons of sugar, and he expected it to make 50,000 tons in the very near future. I see in Mr. Atkins's report that he puts it down at twenty; and in that same report he states, I believe, that we are to have a crop of eight hundred and odd thousand tons of sugar. If they all increase as Mr. Spellman expects his to increase in the very near future, that means 150 per cent on that production, which will make the 2,000,000 tons of sugar that is required for this country over and above what we make here.

The CHAIRMAN. One hundred square miles would be 64,000 acres.

Mr. PHARR. Yes, sir; I accept the correction. But he expects to make fifty millions of sugar in the very near future; and a like increase with the other factories means that all the sugar that the United States requires for its consumption will be produced in Cuba. If Cuban sugar comes in free, that means there is no revenue from sugar, and as a matter of course the tariff has to go off. That practically means free sugar in less than a very few years.

Talking further, he said that their labor there, according to his own expression, was "stag" labor; that there was not a woman or a child on the place—that is, among the laborers. He stated that they lived in barracks, where they hung up their hammocks and lived in that way.

Our labor is, as stated by Governor Warmouth, composed largely of citizens of the United States. They are well housed, and they make a living raising cane. [Laughter.] Well, gentlemen, we do not want the cane in Cuba to raise Cain with us. [Laughter.] That is the point I want to make.

Mr. McCLELLAN. Is this colored labor, Captain, or white labor?

Mr. PHARR. Some of it is colored, some of it is white, and a good deal of it is mixed. [Laughter.]

Now, gentlemen, as far as the great necessity for helping Cuba is concerned, the Southern States stood exactly in the shoes of Cuba thirty-six years ago. We were confronted with the stern fact that it was "root hog or die," and we rooted [laughter] and are alive to-day.

The Cubans have a better soil, they have a better climate, and all the conditions are better with them. They made sugar successfully, I understand, under the Spanish rule. They supported a standing army of some 30,000 or 40,000 men. They were the treasure house of Spain, said to be the brightest jewel in the crown of Spain, the very queen of the Antilles. Now, when they are free from the Spanish yoke, they cry aloud, "We must be helped or we will all turn out to be robbers." Well, when the people of the Southern States were in a like predicament we did not turn out to be robbers, but we turned out to be workmen, and we went to work with a will.

The cry for help, if you will excuse me, reminds me somewhat of an incident that occurred in our State in the seventies. We were

generally overflowed. Some of our good Congressmen took it into their heads that we were very needy, and that we must have rations; and Uncle Sam, like a good old uncle, furnished the rations. They were sent down there to various points, and officials were designated to distribute them. The consequence was that all of the labor from the nonoverflowed districts crowded into the overflowed districts, and drew rations. [Laughter.] And the crowning point of the whole matter was that a lot of men who were swampers, and who made their living by floating out timber in the high water, which was their harvest, would come in regularly and draw rations. [Laughter.]

I think our Cuban friends are a good deal in that very fix. If Uncle Sam goes down to distribute rations there, there will not be any work done, and there will not be any sugar raised. [Laughter.]

I think that is about the condition, gentlemen. We can not stand any further reduction in sugar, or we quit.

Let me answer here a question that was asked to-day. "What are the lands of Louisiana fit for if we do not raise sugar?" Well, about all they are fit for is that they will grow up in Bermuda grass, and they will make pretty good pasturage. We can pasture just a few cows and calves and raise potatoes; and that is about all we could do for a living. Our lands are not fit for anything else except to raise sugar cane. The climate is too wet, and the soil is too heavy for cotton or for corn. I can go out on the pine hills and raise more corn than I can on our Louisiana lands.

Cuba, as I understand, has fine grazing lands, she has fine tobacco lands, as well as fine sugar lands, and fine lands for coffee and all of the tropical products. I do not think the gentlemen from Cuba are nearly as big paupers as they think they are; but at the same time I do not believe that it is the Cubans who are making such an outcry. The Cubans did not come here and insert the articles that you see in Mr. Willett's paper and Mr. Gray's paper, advocating free sugar. They did not have the influence to do it. They did not have the influence to utilize a large number of the prominent journals of the land. They did not have the money to take the patent inside of all of the weekly papers in the country and fill it up with all of those articles, nor to spread broadcast over the land all of the circulars that you see on that subject.

We do not think the Cubans did that. I think it was largely American capital that has gone down there and invested in the lands of Cuba. Possibly they have heard of Mr. Havemeyer's 160 per cent on his capital invested, and want to do likewise; and we can go to the wall in order that they may make immense amounts of money.

One of the gentlemen asked yesterday whether it was fair to protect the beet lands and leave unprotected the other lands—the wheat lands. I think every acre of land that is subtracted from the sum total, when there is overproduction, is a benefit. I think it protects those lands to that extent. When it was brought out that it took one man to cultivate 2 acres of beets, and that that man supported a family of five, that made a great many men and a great many acres of land who were not producing wheat, but who were consumers of bread. I think that was protection to that extent. We are laboring under an overproduction of sugar to-day.

The gentlemen ask, "Will this or that reduction in the tariff injure the sugar grower or the sugar producer in this country to the extent that it stimulates production in Cuba? Are we to that extent injured?"

A 5 per cent reduction of the present tariff means, I think, 40 cents

a hundred—40 cents a hundred on a man making 50,000 tons of sugar, running into dollars and cents—principally dollars, and a great many of them.

Gentlemen, I think that is about all I can say on this subject. I can think of a good deal, but I very often forget half I want to say. If I can answer any other questions, I will be glad to do so.

Mr. McCLELLAN. Captain, what would be the effect of annexation on the Louisiana product—first, absolutely, and then in comparison with reciprocity?

Mr. PHARR. Well, sir, that is something which you can not answer from facts. You can only answer it from your own reason or your own mind. As I stated before, a 25 per cent reduction there means 40 cents a hundred, with all of the Asiatic labor in the world to draw from, and that with that climate and that island means an immense production of sugar, which will all come here to our market.

I will state something here that I neglected to state before. In times gone by it has always been said: "Well, the crop of Louisiana is small; it is only a drop in the bucket." But whenever the crop of Louisiana was harvested the market invariably went down. It has invariably done so, and of late years, with the exception of two, I think, we have been still further depressed by the remark, "Here is the Cuban crop coming in." Their crop commences to come in now, just as ours is finished.

Mr. McCLELLAN. Then annexation would practically ruin the industry, I take it?

Mr. PHARR. Eventually it would; but with annexation they would labor under the laws of the United States in regard to contract labor, which, I think, would somewhat check the production of sugar for the present.

Mr. BABCOCK. Captain, I would like to ask you a question. You state that a 25 per cent reduction would reduce the price 40 cents a hundred, do you?

Mr. PHARR. No, sir; it would be to their advantage 40 cents. The tariff, as I understand it, is \$1.68.

Mr. BABCOCK. Well, if it was to their advantage 40 cents, then it would not be to your disadvantage?

Mr. PHARR. To the extent that 40 cents a hundred means profit to them they would increase their production, sir. Those men that have gone down there and have bought up the island, not by the acre, but by the square mile or the league or the hundred miles, did not go there to cultivate just what lands were already under cultivation. They went there to accumulate immense fortunes, and they propose to do it by the production of sugar. Every cent that they can make over and above the money already invested will go to increase the product. That on an already overloaded market means ruin to the sugar industry of the United States.

Mr. BABCOCK. I understood from your statement that you figured that a 25 per cent reduction meant 40 cents a hundred.

Mr. PHARR. To them; yes, sir.

Mr. BABCOCK. To the Louisiana producers?

Mr. PHARR. No, sir; to the Cuban producers.

Mr. BABCOCK. Well, if it gave them 40 cents a hundred additional, it would necessarily maintain the price here, would it not?

Mr. PHARR. It would maintain the price here, less the constant bearing down of the price by too much sugar already made; and they will continue to pile up on the load that already overburdens us.

Mr. BABCOCK. I get your idea now. I understood you to mean a difference in price of 40 cents.

Mr. PHARR. Will you permit me to make a correction just here? I stated that I sold my crop at $3\frac{1}{2}$ cents, but it was on a basis of 3 cents for the first, second, and third sugars. The first sugar sold for $3\frac{1}{2}$, but I averaged my crop up at 3 cents. That takes in the first and the second sugars.

The CHAIRMAN. What proportion of the crop is first sugar?

Mr. PHARR. About two-thirds of the crop is first sugar, sir.

The CHAIRMAN. And what is second sugar?

Mr. PHARR. Second sugar usually runs about 30 pounds to the ton.

The CHAIRMAN. And the third sugar the balance?

Mr. PHARR. It runs from 10 to 15 pounds, sir.

The CHAIRMAN. To the ton?

Mr. PHARR. Yes, sir.

The CHAIRMAN. With all the rest first sugar?

Mr. PHARR. Yes, sir.

The CHAIRMAN. And you got $3\frac{1}{2}$ cents for the first sugar?

Mr. PHARR. About $3\frac{1}{2}$ on the first sugar.

The CHAIRMAN. About how much for the second?

Mr. PHARR. All the way from $1\frac{1}{2}$ cents to $2\frac{1}{2}$ cents.

The CHAIRMAN. How much for the third?

Mr. PHARR. It is not sold yet, sir. It is in the prospective. The third sugars do not come out until June, sir.

The CHAIRMAN. Then you have gotten a good deal more than 3 cents a pound?

Mr. PHARR. Well, my bills of sale will not figure it up that way, sir.

The CHAIRMAN. Then you are wrong in your details. How many pounds to the ton do you make?

Mr. PHARR. I have made 150 pounds of first and second sugars this year.

The CHAIRMAN. To the ton?

Mr. PHARR. To the ton; yes, sir—to the ton of cane.

The CHAIRMAN. Oh! to the ton of cane.

Mr. PHARR. Yes, sir.

The CHAIRMAN. That is what you mean—150 pounds of first sugar to the ton of cane?

Mr. PHARR. Yes, sir.

Mr. BABCOCK. He said first and second sugars.

The CHAIRMAN. You gave the second and third at how much?

Mr. PHARR. The second runs up to about 30 pounds.

Mr. ROBERTSON. Did you not say 150 pounds of first and second sugars?

Mr. PHARR. One hundred and fifty pounds of first and second sugars; yes, sir.

The CHAIRMAN. Then that would be about 120 pounds of first and 30 pounds of second sugars?

Mr. PHARR. Yes, sir.

The CHAIRMAN. The balance of third sugars would be how much; 10 pounds?

Mr. PHARR. Ten pounds.

STATEMENT OF JAMES W. PORCH, ESQ.,

Representing the Board of Trade of the City of New Orleans and the New Orleans Progressive Union.

Mr. PORCH. Mr. Chairman and gentlemen of the committee, as the representative of the New Orleans Board of Trade and the New Orleans Progressive Union, aggregating a membership of something like 1,700 people, and also having from the Cotton Exchange of New Orleans a telegram that I desire to file and make a part of this record, I wish to occupy the attention of this committee for a short time on the subject now before it.

The CHAIRMAN. You may hand the telegram to the reporter.

The telegram above referred to is as follows:

NEW ORLEANS, LA., January 22, 1902.

Hon. R. C. DAVY, Member of Congress from Louisiana,

Washington, D. C.

Please confer with Chas. A. Farwell and present the following to the Committee on Ways and Means in our behalf:

"The New Orleans Cotton Exchange joins other commercial and agricultural interests in protesting against decrease in the tariff on Cuban products, and especially on the admission free of Cuban sugar. Free sugar means the practical donation to Cuba of many millions of dollars annually as clearly as if the money were taken direct from the Treasury of the United States.

"It means the reduction to want of one of the fairest portions of Louisiana, built on the fact that if it did not receive the fostering care of the General Government it would be at least protected from such crushing blows as are now threatened. It means the serious crippling, if not annihilation, of the growing beet-sugar industry, which has a right to protection at the hands of the General Government. It means that to aid a foreign country, for whom the United States has poured forth its best blood and millions of treasure; that to render that country assistance which it does not imperatively need we are to impoverish one of the fairest States of the Union, with a population nearly equal to that of Cuba, and to cripple an important infant industry of the West, all for return out of all proportion to the loss and suffering to be inflicted upon our own people.

"Will not your committee and Congress remember that true charity begins at home; and if they believe help is necessary for Cuba let it be given in such shape that the burden may fall equally on the entire nation, and not entail distress and suffering equal to what Cuba suffered under the exactions of Spain? We can readily understand why Cuba should so earnestly strive to secure an open market with eighty millions of people, but we can not understand what compensation there will be to this country through free trade with one million and a half foreigners out of all proportion to any possible benefits. We urge your committee to protect our people in this matter and to save them from disaster and consequent suffering.

"W. P. WAMSLEY, President."

Mr. PORCH. The three organizations I have named cover practically the entire commercial field in New Orleans.

The record which you have, covering the hearings before the Ways and Means Committee, representing the Spanish or Cuban end of this argument, contains a resolution that was passed by the New York Produce Exchange, which we desire to answer, among other things. I will read that resolution:

Resolved, That it is the sense of this meeting of the members of the New York Produce Exchange that Congress should give immediate relief to the strained situation in Cuba by a substantial reduction in the tariff duties on Cuban imports into the United States, as recommended by President Roosevelt in his message to Congress, under date of December 3, 1901. This is demanded by every consideration of generosity and fair dealing, the welfare of Cuba to which we are pledged, and to the great betterment of commerce.

Resolved, That a copy of these resolutions, signed by the president and secretary of this exchange, be forwarded to the President of the United States, the Senators

and our Representatives in Congress, the Committee on Relations with Cuba of the Senate, the Ways and Means Committee, and the Committee on Insular Affairs of the House of Representatives.

Resolved, That the board of managers of the exchange be, and are hereby, requested to appoint a committee of three to represent the interests of this exchange at the hearing before the Ways and Means Committee to be held in Washington on the 15th day of January.

Pursuant to the foregoing resolutions, the undersigned committee was appointed by the board of managers of the New York Produce Exchange January 13, 1902.

And the names are given.

I desire to speak along those lines. I am not going to give you figures as to the cost of production of sugar in Cuba as compared with the cost of production of sugar in Louisiana or any of the beet-sugar growing States of this Union. I desire to speak of the condition as it now confronts us in Louisiana. And if during the course of my argument I do not dwell particularly and in detail on the question of beet sugar, it is because it does not concern and relate to the best interests of the exchanges I represent.

New Orleans depends and is largely hung upon the success of the cane-sugar interests of the southern part of the State of Louisiana. The Produce Exchange of New York very flippantly passed resolutions that would mean our death knell and sent them here with a committee of three; and they desire that these points which I have just read be urged before the Ways and Means Committee as the means and mode of relief for the distressed and suffering island of Cuba. As I say, the very points that they raise and the arguments that they urge would mean our death knell and would make the sheriff in the State of Louisiana the busiest officer you can imagine.

I have before me the Literary Digest of the 18th of January, in which there is a map showing millionaires, by figures. That map gives the number of millionaires in the State of New York as 994, only 6 short of 1,000. In the State of Louisiana, where the "rich sugar planter" is supposed to be located, and is supposed to have become more than rich, there are, according to this map, 27 millionaires. You have, therefore, 27 millionaires in Louisiana as against 994 in New York, and 114 in New Jersey, the State where corporations are supposed to center under beneficent laws.

In Louisiana the entire industry is controlled, as I understand, by at least 95 per cent of local capital which belongs to the State. There are no foreign investments, practically speaking, in that particular industry in the State of Louisiana. It is an industry that has been fostered and protected in an indifferent and uncertain and fluctuating way, and yet has grown and become one of our principal industries.

I have lived and spent a great deal of time in Latin-American countries. I know something of their conditions and that which appertains to them; I have lived for years and years in those countries; I have had my family there, and my children have grown up there; I know the conditions that exist, and I have always maintained, and I maintain now before the Ways and Means Committee, gentlemen, that there is a sharp line of demarcation between the southern boundary of the United States and the countries that lie below—a line that needs to be drawn sharply and plainly, unless it is the intention and policy of our people to sacrifice our own industries and give them up, for the mere asking, to those who knock at our doors.

In the State of Louisiana there are interests in which are engaged people who belong to us and have belonged to us for years and years

and years. Simply because of conditions that now exist in the island of Cuba, are you going to sacrifice the State of Louisiana for Cuba? There seems to be a wonderful comparison of figures in this matter when you come to look into it in its details. The island of Cuba and the State of Louisiana, in square miles, are more or less the same in size. The population of the island of Cuba and the population of the State of Louisiana are approximately the same. The population of the principal city of the island of Cuba and the population of the principal city of Louisiana are approximately the same. One is a part of us, and belongs to the sisterhood of States; the other is knocking at our door with commodities that are peculiar to the semitropical conditions in Louisiana. The introduction of their commodities free of duty would paralyze us, and would result in sacrificing Louisiana for Cuba.

The gentlemen of the produce exchange can speak, and speak glibly, and draw up their resolutions, knowing as they do at the same time that not one of the commodities involved will in the slightest way affect their interests. To them they are nothing; to us they are everything.

There are, perhaps, many gentlemen sitting around the board to-day who have gone to Cuba, who have visited Mexico, and I would not to-day say anything of these countries that is unkind. I simply speak of conditions. I have no accusations to make. I have nothing to say that I would wish to be construed in any manner as recrimination; but I mean to speak of the condition that exists there, that can not be wiped out by legislation or by letting down the bars. It is simply a condition of race that you can not change and which passing years and decades of years will not change.

We have become the proud country that we are (and I am a citizen of it from birth, and my ancestors were for many, many generations before my birth) through a protective tariff. If you let down the bars in Louisiana and allow Cuban products to come in free of duty, it would be like opening a crevasse at the mouth of the Mississippi. An open crevasse shows an unprotected portion of a protected border; an open, flowing stream of the entry of their product kills and ruins the southern part of the United States. There is no gainsaying the fact.

As I understand it, there is not the slightest modification in the present duties that can possibly be made and at the same time allow the sugar interests in Louisiana to exist. If you had gone over the line of the Southern Pacific and of the Texas Pacific, leading in and out of New Orleans; if you had gone up and down the Lower Mississippi; if you had gone into the various bayous and the various places that can be reached by navigable streams and inlets and had seen those towering smokestacks and a perfect condition and a perfect country, you would say that the last thing you would do would be to sacrifice that interest.

I have it from good authority that the indicated horsepower of the engines of the State of Louisiana is even greater than that of the State of Pennsylvania. Every planter has a battery of boilers. Every planter has a semirefinery. Every planter is equipped to take care of the crop from the cane to the finished product, or, rather, the marketable product, when some refinery finally gets hold of it and puts it into the consumer's hands.

When it comes to a final show down; when it comes to a question of "stand and deliver," it seems to me that there can be no point

raised as between the people of Louisiana and Cuba. There is no general hue and cry throughout this Republic that the cost of sugar is too great to the consumer. There is no evidence before this committee that the cost of sugar is an onerous burden to the consumer. The whole drift and tenor of the entire testimony, as I have listened to it, and as I believe it to be, is that Cuba desires to take advantage of the friendly overtures that have been made to her, and in spite of all we have done, with the greatest ingratitude that I have ever seen, would, without one apology, sacrifice the Southern States, to the detriment of the whole Union, in order that she might market her sugar.

The market conditions in Cuba are good. The labor conditions in Cuba are good. There is no complaint made in Cuba to-day, from the evidence as adduced, that the burden is onerous and can not be overcome. There is not a claim made to-day that there is not a possibility of marketing their sugar. We have testimony here that it can be made in the island of Cuba for as low as a cent and a quarter a pound.

The rate of tariff being \$1.68 on 96-pure sugar, it would seem to be easily possible to market that sugar in the United States. Especially would it seem to be easily possible in New Orleans, when you consider the testimony which is now before you as to the discrimination of three-sixteenths of 1 cent per pound in New Orleans as against New York. A matter of three days' sail from Habana and five days from some of the ports of Cuba lands the sugar under the protection of the sugar trust and puts it in New Orleans before the best refineries that they have. That sugar is marketed as a finished product right down where we are supposed to raise sugar, with a three-sixteenths of a cent discrimination in their favor before it starts from the island of Cuba.

It seems to me that in a case like this there are no two ways before us; there is only one way. If they are so philanthropic in the Produce Exchange in New York, why do they not devise some plan by which we can make the people of Cuba a cash donation, if they are beggars knocking at our door? But why should that burden of taxation, if taxation applies, be saddled entirely and alone on the cane and beet sugar industries of the United States?

We have evidence before us to the effect that in the southern peninsula of Michigan there are 60 different beet-sugar industries ready to-day to start business, or to launch their enterprises, if they had some security in the direction of stable, substantial legislation.

I am in the iron and steel business. I love to talk about protection and what it has done for this country. I remember when everybody raised a hue and cry that tin was one of those expensive luxuries, because of protection, that entered into every man's dinner pail, his bath tub, and everything that everyone used in common homes. Regardless of the hue and cry that was raised, protection continued, and to-day we have the spectacle of this country being an exporter of tin. It is an everlasting, living example of the ingenuity and get-there-ness of the American people; and if you let us alone we will produce sugar, and supply the world before we have finished.

The fact that General Wood says that one-fifth of the sugar consumed in the world is produced by the people of the United States is no reason why you should throttle that one-fifth, and say, I do not believe you will ever be able to get up to the point of raising the other four-fifths. Why do they not let that industry stand on its merits, as they have allowed various other industries to stand on their merits?

With the present protection, as the Representatives of the State of Louisiana have said, if we can not in ten years prove that we can furnish the sugar for our own consumption and export it besides, then make sugar free. But do not take advantage of us now; do not take advantage of that development, that completeness, that finished ultimatum that is possible in the sugar business, as it has been in the steel business and other kindred interests.

There is no use in denying the fact that you can not get the maximum of efficiency, and thereby the minimum of cost, out of a product or an industry that is always threatened. How can you get up to that state of efficiency if, by legislation, it is constantly throttled in its every move? It is impossible. It is simply one of those paradoxes or absurdities that must appeal to this committee.

Gentlemen, you will excuse my vehemence; but in a case like this, where the interests of the State of Louisiana are more imperiled than they have been for many, many years in the past, there is nothing like "speaking out in church," and telling you just exactly how we feel about it.

I can imagine legislation that should arbitrarily say that a man should stop raising corn and go to raising wheat, or that he should stop raising wheat and go to raising corn. But I can not to save my life understand legislation that says to a man who is raising sugar, "You have got to quit it; we will fix the laws so that foreign neighbors can come in and paralyze your industry," knowing that he can not change from one industry or crop to another.

In the State of Louisiana the fixed investment in the shape of sugar refineries, etc., is greater than the value of the land, and we have testimony before us to-day which shows that even though that interest should be sacrificed, and those smokestacks that tower in the air all over the southern part of Louisiana should rust and topple and fall, and the whole plant under the roof should become scrap, they could not employ the lands.

With that double fact staring us in the face, it seems to me time to halt somewhere, even though our Cuban friends do need relief and do need redress. That redress, or whatever relief they may get, should not be saddled on the State of Louisiana alone, or the Western beet-sugar States, where they are struggling and striving to build up an industry that brings into use and occupation lands that heretofore have been arid, neglected, and unemployed.

In talking to one of our Cuban friends yesterday, he told me that he thought this was a grand and magnanimous and wonderful country. He said that when he came up here because of the various overtures that had been made, he thought we would naturally take them by the shoulder, hug them if necessary, and give them the ordinary "embrazo" for the asking. He said that he had discovered that the tail seemed to be wagging the dog; that Cuba, even in two little commodities that he suggested and named, was bigger than the United States. I told him that the proposed change in the two industries that were involved meant the death knell to those States that are contiguous to Cuba.

I did not, however, tell this gentleman what I am about to say, but I am going to say it; and that is that one thing we want above all to steer clear of is peon labor. No man has lived abroad and come home who has not rejoiced the moment he put his feet down from the gang plank of the steamer when he looked and saw the more than general average of intelligence in this country. He gets into a street car or a train, and everybody is reading a periodical or a magazine.

Everybody is posted on the subjects that occupy the public attention. In these tropical countries that sort of thing is the exception. The smaller classes are highly educated; but the masses? No. Letting down bars and permitting this interchange of commerce, etc., is the entering wedge to that thing which, it seems to me, we should shun as we shun the devil.

Experience is a good teacher. Long intermingling, long association sometimes teaches one that which otherwise he would not know. New ideas, new suggestions, suddenly sprung and hastily adopted, mean, perhaps, everlasting regret. Therefore it seems to me apropos to the question that these considerations be duly weighed and considered before we make any hasty step that can not be retraced or taken back.

In the State of Louisiana, to speak of the possibilities of the future for sugar, I desire to call your attention to the oil wells in Beaumont. The fuel question has been largely solved. It is only a question of a very, very short time before those who own the oil wells in Beaumont will have supplied every sugar planter throughout that section and will have solved this very vexatious question of coal. Coal is not only expensive, but coal sometimes, because of the stages of the water in the Ohio and Mississippi rivers, is exceedingly difficult to get. It is also frequently very, very difficult to get it from the Birmingham section because of the scarcity of cars. These things are now being overcome and will be overcome by the use of oil.

The various inlets, bayous, and rivers and the general accessibility of the sugar section in the State of Louisiana makes it possible to get this supply by means of barges from Sabine Pass and from Port Arthur. To these two places just named they have pipe lines that pump the oil from the Beaumont section to the coast to tide water. We believe that if we are let alone we will bring to pass an era of prosperity in the sugar business that will surprise even, in view of all that we have said, the Ways and Means Committee. Therefore I plead to-day, in behalf of the exchanges I represent, for guarded action in this respect. Somebody has said that there are half a million people involved in this question of sugar. I think they left out those who are not directly interested in sugar.

The city of New Orleans, the second port of the United States, has a population of approximately 300,000 people. The whole section of country immediately adjoining and adjacent to the city of New Orleans is a sugar country. If you lay waste that country and make it desolate, we will have no suburbs, we will have no source of supply, we will have no means of building ourselves up and becoming self-contained in and of ourselves, and we, as the people of New Orleans, will simply become a port of entry for the interchange of cargo from ship to shore and from shore to ship. We will become a city of stevedores instead of a self-contained population in a city that should pay tribute to none.

The record shows that New Orleans is the commercial center, not only of the southern part of Louisiana, but of the cotton sections of the northern part of the State of Louisiana as well. The cotton industry of the northern part of the State will be very seriously, very materially, affected if the industry of sugar is killed.

Some have said: "Well, if the sugar plantations are ruined they can easily go into the raising of rice." The rice product is handled largely through the board of trade, of which I am a member. The sale of rice is more or less limited. It is one of those products that, like coffee, is easily overproduced. It is not a dependable crop. It is one of those crops that can finally, by overproduction, be brought

down to a point of sale less than the point of cost. Rice is not a thing that is generally consumed, as is sugar. Everybody uses sugar; and therefore that which everybody uses, it seems to me, everybody who lives in the proper locality in the United States should be permitted to raise, as against any foreign or outside conditions that might and would, if the barriers were thrown down, militate against us, and utterly kill and strangle that effort.

Gentlemen, I thank you.

The CHAIRMAN. One question, Mr. Porch. Do you think a reduction of 25 per cent in the duty on sugars from Cuba would absolutely destroy the sugar industry of Louisiana?

Mr. PORCH. Yes, sir; I have some figures on that point.

The CHAIRMAN. What was the situation there during the two or three years when there was a 40 per cent ad valorem duty?

Mr. PORCH. I want to say that during the time that tariff existed, the sugar industry simply existed. There is not to-day a sugar planter in New Orleans who is making money under the present tariff.

The CHAIRMAN. No; but the 40 per cent ad valorem duty was much less than there would be if you had 75 per cent of the Dingley duty, was it not?

Mr. PORCH. Yes, sir; I suppose it will figure out that way.

The CHAIRMAN. And yet the industry continued. It was not wiped out during those two or three years of 40 per cent duty under the Wilson law, was it?

Mr. PORCH. No, sir; but I think the price of sugar was better in those days; and the world's price was altogether different. The conditions in many respects were different from those of to-day. The actual figuring to-day shows—

The CHAIRMAN. It was a little better part of the time.

Mr. PORCH. Well, that fluctuation part of the time would bridge them over some of the time.

The CHAIRMAN. What you mean to say is that by reason of the extraordinarily low price of sugar a reduction of the duty would be particularly disastrous at this time, do you?

Mr. PORCH. Sugar is very low. It would be disastrous in the present condition.

The CHAIRMAN. If you had the prices of 1895 and 1896, the business could exist with a reduction of 25 per cent on Cuban sugar, could it?

Mr. PORCH. Yes, sir; but of course the tendency of the market in every avenue of business, in view of the competition that prevails, is downward. I remember, as an illustration to the point, a time when the officers of a very large steel concern in Pittsburgh, which was producing 200 tons of finished iron a day, thought their industry had gotten so large and unwieldy that they really held a meeting of the board of directors to consider whether they had not better stop right where they were. The views of the younger members of the board prevailed, however, and to-day they are turning out 3,000 tons of finished steel per day, and are still enlarging their output.

I mentioned a while ago the fact that the maximum of efficiency means the minimum of cost; and until the sugar planters in the State of Louisiana get up to that maximum of efficiency you can not expect the minimum of cost. If they are let alone in the efforts they are putting forth, I believe those two results will be easily and perhaps quickly attained.

The CHAIRMAN. Of course that 40 per cent duty was the lowest

duty there was on sugar for forty years, except when there was a bounty paid, was it not?

Mr. PORCH. Yes, sir.

The CHAIRMAN. And the industry in Louisiana increased during that time?

Mr. PORCH. Well, I suppose you know, further, Mr. Chairman, if you will permit me, that this question would not come up in the very acute way you put it if it were not for the fact that the Cubans are now knocking at our doors and asking for special legislation that will give them the entry way for all of their product. That makes the thing acute and keen; whereas if it went on as it does in ordinary channels, and our tariff regulations fluctuated somewhat, and their attention was not directly bent toward us, and they were not asking legislation so as to dispose of all of their product here, perhaps the credit standing of our sugar planters in Louisiana might be sufficiently strong, through the aid of their financial friends, to tide over another year or two of a thing like that. But now the crisis is acute, and if this change should be made I am sure they would be utterly destroyed. If I did not think so, I would not say so.

The CHAIRMAN. Of course, the same cause exists and operates with reference to Louisiana sugar and beet sugar as in the case of Cuban sugar—the general low price throughout the world, in other words?

Mr. PORCH. Yes, sir.

The CHAIRMAN. And while the Cuban people may desire a reduction of duty to help them out, still it comes at a time in the sugar industry in the United States when the price is low, and a low price affects that industry. That is true, is it not?

Mr. PORCH. Yes, sir; I want to say in that connection, so that I may not be misunderstood, that it is generally rumored at present that we are likely to subsidize ships and give some protection to home shipping, so that our flag may be seen on every sea in the world.

The CHAIRMAN. I do not think that is pertinent just at this time—

Mr. PORCH. Yes, it is, in a way; because we need that protection to accomplish that purpose. If we are not protected in that way, we never will have cheap sugar raised within the limits of the United States. The industry needs some stability, some protection, some fostering care, and without it we perhaps can not accomplish what we would if you would give us that.

Mr. McCLELLAN. Do you agree with the gentleman who preceded you, that annexation would mean the ruin of the sugar industry in Louisiana?

Mr. PORCH. Well, I hope annexation will never take place, speaking as an American. I would dread the day when we should annex Cuba, because of the conditions that exist. By doing so we broaden our latitude of climate, and in that broadening comes the danger line.

Mr. METCALF. Have you the prices of sugar in the years 1895 and 1896?

Mr. PORCH. No, sir.

ADDITIONAL STATEMENT OF J. N. PHARR, ESQ.

(See page 288.)

Mr. PHARR. Mr. Chairman, will you allow me just one moment to answer a question you asked me? I could not answer it at the time because it was unexpected. You asked why we did not go to the wall when we were working under a 40 per cent ad valorem tariff?

The CHAIRMAN. Yes.

Mr. PHARR. Our labor was 25 per cent cheaper then than it is to-day. Everything that we purchase was cheaper than it is to-day. Everything in our country, with the exception of sugar, is high priced. All the necessities of life—coal, mules, iron, and everything—are from 50 to 100 per cent higher now than they were then; and, as a matter of course, we have to pay for all of those things, and it comes out of our work. For that reason we were better able, or were as well able, to stand it then as we would be to-day. We had the necessities of life very much cheaper, we had labor very much cheaper, and everything that went into our business. Everything is on a boom in the State of Louisiana to-day, with the exception of sugar.

The CHAIRMAN. Were you actually better off with the 40 per cent ad valorem duty than under the higher protective duties you have had before and since?

Mr. PHARR. No, sir; but we have made money up until this year.

The CHAIRMAN. When you had the 40 per cent ad valorem duty you did not make much money, did you?

Mr. PHARR. We did not make any; we simply existed.

The CHAIRMAN. Excuse me for asking you these questions; but Louisiana continues to vote for a 40 per cent duty, and I was trying to find out the reason for it. [Laughter.]

Mr. PHARR. No, sir; it will take a little time to explain that, but I can do it. [Laughter.] Louisiana was driven into Democratic ranks to keep from being overrun by negroism.

The CHAIRMAN. That danger seems to be past?

Mr. PHARR. Yes, sir; that danger is past.

The CHAIRMAN. And still she votes for a 40 per cent duty.

Mr. PHARR. I beg your pardon, sir; I beg your pardon. You will find that the Representatives of Louisiana to-day are going to be with you in voting against this reduction.

The CHAIRMAN. Oh, yes; but you vote for a President down there, too. [Laughter.]

Mr. PHARR. We carried the State six years ago for your humble servant for governor; but we did not have the machine that did the counting, and, as a matter of course, we got left. [Laughter and applause.]

The CHAIRMAN. You seem to be all right, anyway.

Mr. PHARR. I am, sir; I am, and all of my compeers are. [Laughter.] There are thousands of them there; and with fair recognition by the Federal Government to-day, which we think we will have, we will be Republicans in Louisiana in a very few years. [Laughter.]

The CHAIRMAN. Well, I think you ought to be.

Mr. PHARR. Undoubtedly we ought, sir. We know which side our bread is buttered on. [Laughter.]

STATEMENT OF HON. T. S. WILKINSON,

Ex-Representative, of Louisiana.

Mr. WILKINSON. Mr. Chairman, I can not altogether agree with my colleague about the position he was "elected" to fill, because I happened to be on the other side, but I am glad to know he has the satisfaction of thinking he was elected. [Laughter.]

Mr. LONG. Will you please give your name, sir.

Mr. WILKINSON. My name is T. S. Wilkinson. I had the pleasure

of serving with your distinguished chairman some ten or twelve years ago.

Mr. Chairman, the ground has been so completely gone over that I had told my friends that I would not come before you here, but they have insisted upon it. I have therefore yielded, and will make but a very few remarks. I do not care to tax the patience of the committee.

One remark, I think, made by the gentleman who has just spoken, will bear a little explanation. He stated that the number of sugar factories in Louisiana had been very largely reduced, but that the fact that the sugar factories were reduced does not mean that the production is reduced.

In the section of the country in which I and my friend Governor Warmoth live, on the right bank of the Mississippi River below New Orleans, there have been since the war 24 sugar factories at work. These 24 factories have now been reduced to 3; but the 3 produce more sugar and the country is in a higher state of cultivation than it ever was when we had the 24. This concentration has been the only means by which we have been able to withstand successive falls in the price of sugar and to go on and continue manufacturing it as we have been doing through all these years, and to at least keep up the output of Louisiana. That output is about 300,000 tons. Some years it is a little more. This year it will be about 300,000 tons, which was more than last year.

Some one has asked if we can go on and extend this culture so as to make our production equal to the consumption of the whole country. That is a question that no living man can answer positively; but we certainly can hold our own, and certainly can grow; and together with the beets, I am sure that we can in time make enough to supply the entire quantity consumed by the country. We have not, perhaps, quite such large promises, and can not point to such achievements in the past two or three years as the beet-sugar people can; but we can point to a steady production of this large amount of sugar, and we can remember the old adage to the effect that a bird in the hand is worth a whole flock in the trees.

Mr. Chairman, there is a demand made before this committee to reverse, so far as the tariff on sugar is concerned, the whole fiscal system that has prevailed since the time of Mr. Madison; to reverse a system which has had the sanction of all the Congresses, with scarcely an exception, for one hundred and twelve years; to reverse a system which was originated in this country by our statesmen twelve years before Louisiana belonged to the United States.

Now, Mr. Chairman, why has this demand suddenly come for the abolition of a fiscal system which is prevalent throughout the whole civilized world? Does it come from the tax-payers? Does it come from a prosperous country? Does it come, I say, from either party as a party measure, saying that the taxes should be abolished on this article—that taxes, always obnoxious as they are, are more obnoxious on this than on many other articles subject to a tariff and internal revenues? Does it come from the far West, where this industry has grown up to diversify the products and furnish markets for the grain of the farmers close at hand? Does it come, I say, from that section where, in times gone by, they used to burn the corn to make the fire with which to cook it? Does it come from the great wheat fields whose products of late years have been such as to sell at remunerative prices?

No, sir; the cry does not come from them. It comes from neither party. It comes from but few of our American citizens. It comes, principally and entirely, I think, from three sources.

The first source is from the builders of American machinery and implements near the Atlantic coast, who, grappling after the shadow of the markets of a million and a half people, jeopardize the interests of many and many times a million and a half people in the States of Louisiana, California, Nebraska, Utah, and Colorado.

But it is so easily answered that this is the grappling after a shadow and losing the substance that I think that demand amounts to but very little.

It comes, Mr. Chairman, from still another source, which is supposed to be the great distress prevalent in Cuba. Now, sir, we will all admit that that distress is either there or it is not there. If it is there, is it just to our own people to take the distress of aliens and unload it upon Louisiana and Colorado and the other States whose industries are now sought to be jeopardized?

But, sir, this distress is not real. This distress is inspired. It comes, sir, not from Cuba's great forests of hard wood, which afford enterprises of great wealth; not from her mountains, rich in iron mines; not from her plains, where the asphalt industry is said to afford promising opportunities for development; nor does it come, sir, I believe, from those laborers and people who have been freed from the taxes of Spain. It does not come from those laborers who have lately come from Spain itself so as to find better wages and more remunerative employment in the island of Cuba. It comes, sir, instead, from the great capitalists, who, as you have been shown, have bought lands there in enormous quantities, and who seek, either by tariff legislation or by reciprocity, to break down the tariff barriers so that they can produce in the island of Cuba so much sugar as to absolutely extinguish the home industry and enable them to control and dominate the markets of the United States.

This is the second influence, Mr. Chairman. But there is a third, also, and this, Mr. Chairman, is harder to resist than the other two.

The other interest is a sentimental one; it is a sentimental effort. It is a generous feeling of magnanimity which emanates from the breasts and hearts of those who helped to fight the battles of Cuban freedom, and to whom the Cubans should be grateful to their latest generation. These people now are willing, and the President himself is willing, to say: "Not only have we fought for you; not only have we given you this freedom for yourselves and your children forever; not only have we given you a guaranty of protection against foreign powers, but we will help to set you up in business; we will preserve you against adverse prices; we will give you the markets of this country."

This is the influence that is before this committee to-day; and this is the question that is before it—whether or not the recommendations of the President on this subject should be respected.

Mr. Chairman, our people have helped the Cubans, as well as those gallant officers and men who went down there and offered to sacrifice their lives for that country. Just a moment ago I saw a distinguished gentleman who fought side by side with Mr. Roosevelt on the field of San Juan, and that gentleman is here to protest, in behalf of his own people, that further generosity should not be meted out to these people at the expense of justice to those at home.

Sir, I appeal for justice—justice against generosity to a foreign

power, to whom we have been generous beyond precedent in the history of the world.

Mr. Chairman, there are certain branches of the discussion that I might go into, but I will not weary you further on this subject.

STATEMENT OF G. W. NOTT,

Representing the associated banks of New Orleans, La.

Mr. NOTT. I am not a sugar planter, and hence do not appear here as a cane grower. The cause of my coming before you is simply this: I have been requested by the associated banks of New Orleans to present to you their earnest protest against the proposed legislation in favor of Cuba and against the cane-growing interests of Louisiana.

The disaster to come from such legislation is of course felt by the banks in the destruction of credit and shrinkage of values which must arise. Already the mere threat of legislation is crippling the sugar industry by largely preventing the making of the necessary advances to make the crop, and this result must of course prove seriously injurious to every other value within the State.

If you desire, I will read you the letter of the different banks to President Roosevelt. This is a copy:

"The PRESIDENT:

Owing to the unfortunate condition in Louisiana it is almost impossible for planters to get advances this season to plant their crops, because of threatened legislation in Washington. If they can be assured that there will be no reduction in the tariff on imported sugar this state of affairs will be overcome at once."

This letter is signed by all the presidents.

STATEMENT OF D. D. COLCOCK,

Secretary and superintendent of the Louisiana Sugar Exchange, secretary and treasurer of the Cane Growers' Association, and secretary of the Scientific Agricultural Association of Louisiana.

Mr. COLCOCK. I have no remarks to make, gentlemen; I am simply here to answer questions.

You asked this morning what was the effect upon us and upon the beet-sugar people of the cartel existing in Germany and Austria. The figures which I am about to give you are furnished by the International Free Trade Federation in a recent memorial on the sugar question, addressed to the Brussels conference now sitting; that conference having met for the sixth time for the deliberate purpose of abolishing all bounties on sugars grown in the European States.

On the 1st day of August, 1901, the price of refined sugar at Magdeburg was 50 marks and 40 pfennigs per 100 kilos—say, deducting an impost or interior tax of 20 marks, in round figures, 48 francs. At the same moment refined sugar for the English market was selling at Hamburg at 11s. 6d. per hundredweight—say, 28 francs and 25 centimes per 100 kilos. From this we must deduct 1 franc for freight to Hamburg, leaving 27 francs and 25 centimes. To this add the export bounty of 4 francs and 40 centimes, and we get the effective price of 31 francs and 65 centimes.

The difference between this actual price of 31 francs and 65 centimes

and the Magdeburg, or conventional price, under this cartel or agreement between refiners and raw-sugar men is 16 francs and 35 centimes.

Such is the indirect bounty which the German industry will realize from the cartel under conditions existing on August 1, 1901. Since that time they have found out that they could afford to export their sugar at a still lower price; and they are not doing it for any other purpose than to kill, root out, and destroy the cane-sugar industry of the world. That is their avowed purpose. They call it a war; all of their statements bristle with war phrases, and that is the fight that is on.

I will convert these figures into American money and then you can understand them.

This difference of 16 francs and 35 centimes means \$3.20 per 220 pounds, which is \$1.45 per 100 pounds, or nearly a cent and a half a pound. That is not realized, you will understand, on the entire crop. It is only realized upon the quantum that is consumed at home, which amounts to about one-third of the crop. The result is that you must divide this figure by three to arrive at the actual benefit to the manufacturer. The amount thus arrived at is 48½ cents, which is in addition to the 38 cents now given in the way of direct bounty on the exportation of refined sugar.

There you are. That gives the whole story of cheap sugar. Overproduction has brought about all these bounties; and now, when it has gone so far, when the industry is threatened with ruin from the very rottenness of these conditions, they call a conference to abolish these bounties. The United States has no delegate and no representation in that conference. Great Britain has. I went to Europe this summer to try and procure an invitation. I was told that if I could get a promise from this Government that it would send delegates, the invitation would be forthcoming.

I used every effort to procure that promise, and through the unfortunate death of President McKinley I failed. I am still trying to attain the same result through our present President, Mr. Roosevelt. But I tell you, gentlemen, that this calamity comes from an attempt, deliberately entered into, not only to break us down, but to break down every cane-growing country in the whole world, with the avowed intention, as soon as they have done that, that they will raise prices. And how is it done? It is done by governments which have unlimited power to tax their people.

Let this Government try a thing of that sort, and it would not last two days; the people would not stand it. But the people of these European countries will stand anything from their governments, and are standing everything from them. I think it is high time that instead of trying to pull us down, you try to protect us against any such attack as this.

Mr. ROBERTSON. Mr. Colcock, I see here a telegram from London, printed in the Post this morning, stating that the Brussels conference has again dissolved; that the British and French delegates have withdrawn and will report to their respective Governments the fact that they have failed to agree, and ask that they establish some countervailing duty against Austria-Hungary and Germany to meet the cartel in Germany. What I want to ask you is this: What do you think the effect will be upon the production in Germany of beet sugar should these nations act in that direction?

Mr. COLCOCK. The effect would be to cheapen the price of sugar to the German consumer.

Mr. ROBERTSON. But would it prevent the production of such a large surplus in Germany as exists there now?

Mr. COLCOCK. It would do better. By cheapening sugar in Germany, the German would eat his own sugar, and the Austrian would eat his own sugar; whereas, to-day, they eat one-third and export two-thirds.

Mr. ROBERTSON. You do not exactly understand what I want to get at. I want to know, if you close the British market against German sugars by raising the price to a considerable extent (if it could be done), whether the battle ground will not be transferred to this market and whether European sugars will not come here? That is what I want to know.

Mr. COLCOCK. Well, I will answer it in my own way, if you will allow me.

Mr. ROBERTSON. And if that be true, who would control the prices under such circumstances? If we were to have reciprocity with Cuba, would it not give great advantages to those people who now control the price here? I mean, of course, the American Sugar Refining Company. That is what I want to get at.

Mr. COLCOCK. There is no doubt about that at all. When we had reciprocity with the Hawaiian Islands they made plenty of money. I will say that when I was in Europe last summer I arranged with the gentleman who is called the "technical adviser" of the British delegation to that conference—who are all diplomats, and only know what is told them——

Mr. ROBERTSON. You did not answer my question.

Mr. COLCOCK. I am trying to do so.

Mr. ROBERTSON. Well, go ahead; let me hear the answer.

Mr. COLCOCK. I arranged with him to give me the earliest possible information as to what they were doing in that conference; and this is a telegram I received from him yesterday. The main thing before them was to establish what a "bounty" was, because we have a statute on our books now providing for countervailing the bounties that are given abroad. We had some fuss some time ago with the Russian Government on that score, which was settled by Mr. Gage imposing a countervailing duty against Russia and then referring the matter to the courts.

This telegram simply reads:

"Cartel treated as bounty."

So that the very thing I have just been discussing, the advantage under the cartel, seems to have been recognized as a bounty by an international conference composed of all the European powers who produce beets, except Russia.

Mr. ROBERTSON. Mr. Chairman, there seems to be some desire on the part of some gentlemen to find out something about the operation of the cartels—what they do, how they are formed, and what is the effect of such organizations. That matter has been reported upon by the State Department, but its report is not easily accessible. A résumé of the report has been printed, however, and I will ask to have it reprinted as a part of the testimony before this committee, so that it will be accessible.

The CHAIRMAN. Is that résumé from an official report?

Mr. ROBERTSON. Yes, sir. The official report is hardly as accessible as this would be, sir. It does not change anything in it; it is only a matter of information.

Mr. LONG. Do you refer to the consular report?

Mr. ROBERTSON. Yes.

Mr. LONG. I have the full report, which I can have here to-morrow morning.

Mr. ROBERTSON. This is simply a statement of the conditions. It is a historical thing; that is all, sir. It was printed in the Picayune.

The CHAIRMAN. Perhaps we had better wait until the next meeting and see whether we want the statement in the paper or the official report.

Mr. ROBERTSON. The one in the paper is condensed, you know, and I think it would be more accessible to the members; but of course I am perfectly willing to take the course suggested.

The CHAIRMAN. Perhaps you had better wait.

Mr. ROBERTSON. Very well.

The CHAIRMAN. We will put in one or the other, then.

(See Appendix, p. 568.)

STATEMENT OF ROBERT OXNARD, ESQ., OF SAN FRANCISCO, CAL.,

Representing beet-sugar interests.

Mr. OXNARD. Mr. Chairman, I desire to address the committee on a point which I have not heard brought out by any of the other speakers. That is, I desire to point out the fact that the present prices in the sugar world, from which Cuba, as well as all the rest of the world, is suffering, are only temporary.

In my experience in the sugar business, extending back thirty years, I have seen three great crises. One of them occurred in 1883 or 1884 as a result of the overproduction of beet sugar on the Continent of Europe. At that time the result was to reduce the price of 88 raw beet sugar f. o. b. Hamburg to 8 shillings 10 pence half penny, or about 2 cents a pound.

The CHAIRMAN. What year was that?

Mr. OXNARD. 1884, I think, or 1883. I have no notes. I did not expect to address the committee when I came here, so I have to say 1883 or 1884. The price went down to 8 shillings 10 pence half-penny, f. o. b. Hamburg, which is about 2 cents a pound. That resulted in the failure of a number of the European factories and the loss of so much money by all of them that the result was a curtailment of the sowings of beets the next spring, and that resulted in an immediate recovery in price within the next twelve months to a very high level, as high as 12 shillings, I believe. However, whether it was 12 shillings or not, it resulted in an immediate reversal of the downward trend and the establishment of remunerative prices.

Things went along until ten years later, in 1894, when the same causes again produced a like result, and beet sugar made a new low record of 8s. 1½d., f. o. b. Hamburg, or about 1½ cents a pound.

Mr. METCALF. Does that refer to raw sugar?

Mr. OXNARD. Raw sugar, f. o. b. Hamburg, 88 analysis; that is, the contract sugar. That again resulted in great loss, and in fact ruin, to many of the beet factories of Europe; and again within twelve months the sowings of the next spring were curtailed and sugar went up again to a remunerative level, at which it remained until about four months ago, when the last beet crop began to be harvested.

At that time the low record for sugar in the markets of the world was 8 shillings 1 pence half-penny, and it was only four months ago that it broke below that. It created a stir in the sugar world when,

for the first time in its history, sugar sold at 8 shillings. The price kept going down, until at the beginning of the year we saw sugar quoted at 6 shillings 4 pence half-penny, or about 1½ cents a pound. And although the price has reacted slightly in the last two or three weeks, the level of the American market—which, as other gentlemen have explained, is to-day below the world market—would make beet sugar 5 shillings and 6 pence, or less than a cent and a quarter a pound, f. o. b. Hamburg. It would have to be sold at that price in order to be imported to-day and sold in competition with the price in New York of Cuban 96 centrifugals.

Now, for the third time we are faced with these prices in the sugar world, and, if we can read the future by the past, within twelve months, before the next crop, this immense loss that is entailed by these prices on the sugar producers of Europe will result in decreased sowing of beets in April and May of this year. There is no reason to think that sugar will not resume a normal level, possibly not as high as it has been in the past, for the tendency for a generation has been steadily downward, but a normal and a fairly remunerative level.

Therefore I want to point out that this is probably and, in fact, almost certainly a temporary crisis; and it seems unjust to the industry of the United States for us to legislate for a temporary crisis as if it were a permanent one.

We see the level on prices of sugar going down and down and down, and it would seem as if it would never stop; but I think it is just as sure as that after the tide has gone it comes up again, that as a result of these ruinous prices the plantings in Europe will be curtailed, and when the harvesting of the next beet crop comes we shall see normal prices again.

Therefore the Cuban distress, which is shared in by all the sugar world, is a temporary one. It is, as I said before, in my opinion, unfair to us to legislate for it in such a way as to unsettle our established conditions. Furthermore, it seems to me that it would be giving undue stimulus to the Cuban industry. Certainly until last fall, until this ruinous decline began, the Cuban industry had always shown its ability to prosper and pay the regular American tariff.

When I lived in Cuba, in the seventies, the production of the island was something like five or six hundred thousand tons, and with the ordinary fluctuations from the normal expansions of an industry it reached, paying full duty in the United States, over 1,100,000 tons about 1894. Then came the last rebellion in Cuba, followed by our war with Spain, which disorganized everything. But two years ago the industry started again on an upward grade. In each of the two crops preceding this they made approximately 300,000 tons. In the last crop they made 600,000 tons. The present crop is estimated at 900,000 tons. An industry which can in three years increase 200 per cent is certainly in a healthy condition, to say the least. Therefore the only hardship at present is this temporary ruinous depression in prices all over the sugar world, which I claim, from past experience, will right itself before the next beet harvest.

Again, an undue stimulus given to an industry brings in its train generally consequences that are not to be desired. For instance, we are told that the amount of labor is barely sufficient to make the coming crop. Now, what will be the result of further stimulating an industry which has increased 200 per cent in three years, provided their present labor supply is only sufficient for their present needs? It will lead to a repetition of what I have seen in the seventies in

Habana—steamer loads of Chinese coming into the port under contract to work for eight years at \$4 a month, and sold to the sugar planters just the same as slaves were sold in those days, except at a lower price, as their contract only extended for eight years.

Since I came here, day before yesterday, I have had the pleasure of meeting some old friends whom I knew a quarter of a century ago in Cuba. One of those gentlemen was telling me that Cuba does not desire Chinese labor. He said: "We do not want it; we want to bring up our industry with our own labor." But, gentlemen, when a country is dominated by one industry, as Cuba is by the sugar industry, the needs of that industry are going to prevail. It is natural that they should; and just as surely as we give an undue stimulus to the production of sugar in Cuba, they will have to resort to some form of coolie labor in order to meet the needs of their planters. The history of cane-sugar production in the Tropics almost universally points to the fact that it has not been a success without some sort of coolie labor.

The English have tropical islands of their own, and in order to preserve them from ruin in British Guiana on the Atlantic and at Mauritius and Reunion on the Pacific they have had to resort to a highly organized and well-conducted system of bringing coolies from India and sending them to plantations where, under an admirable civil service, they are properly looked after, taken care of, work their allotted time, and are returned to their own country.

Wherever, as for instance in the island of Jamaica, they have not applied that system (why, I do not know) the industry has languished and amounts to nothing.

So it seems to me evident that if Cuba is given such prices as to rapidly expand her industry it will result in a large influx of Chinese or Japanese or some sort of controlled labor there.

I wish to say a few words more on the subject of the effect of a remission of duty on Cuban sugar upon prices in this country, and I want to do so not because my ideas may be better or even as good as those of some others who have spoken, but because they are a little different. Furthermore, my ideas have been changed somewhat in the last two days, since I have listened to the discussion of this subject before the committee.

I think the questions of the price of raw sugar and of refined sugar are entirely different, and have to be treated separately. I would like, first, to take up the subject of raw sugar and give you my idea of it.

I want, first, to say that if the Cuban crop of sugar were one that upon reaching this country were to meet a thousand or a hundred or even ten independent buyers I would say that whatever reduction of duty was given to the Cubans would go entirely to the planters. That seems to be an economic fact; there is no gainsaying it, as far as I can see. But we have here a condition that I think vitiates the law of economics. It has been in evidence here that there is one buyer in this country for raw sugar who purchases 90 per cent of the sugar that is refined in this country. When you say 90 per cent you might, for purposes of argument, as well say the whole, because the remaining 10 per cent can not affect the situation in any way, in my opinion.

Now, what is the situation that confronts this purchaser of 90 per cent of the raw sugar in the United States?

He needs, we will say, 2,000,000 tons of sugar. There is 1,000,000 tons of sugar offered from Cuba that pays a duty of 1 cent a pound. There is another 1,000,000 tons of sugar that is offered from Java and

from Germany, and from wherever you will, that pays 2 cents a pound. Now, if there were a thousand buyers they would buy the cheaper sugar, the 1 cent duty sugar, if they could get a fraction of advantage by so doing. But this buyer is confronted not only with the fact that he is the only buyer, but also with the fact that he has to purchase the 1,000,000 tons of dear sugar, as well as the 1,000,000 tons of cheap sugar; therefore, on the 1st day of January the Cubans are offering their sugar, and the question is, what price shall he give to them?

Is it not logical that he should say: "I have got to buy the million tons of dear sugar. I had better buy it now, and let these people hang on to their sugar until they offer it at a price that will give me a part, at least, of the concession they are getting."

Whether that buyer is the American Sugar Refining Company, or anybody else who has 11,000 stockholders behind him who look to him to manage their business with the utmost profit, I believe, no matter who it is, that he would insist upon getting practically the whole of the concession; because he can work for six months of the year on the dear sugar, knowing that the cheap sugar has got to come to this country. He knows that they can not go elsewhere without additional loss; and therefore I think it is only logical to suppose that that million tons of cheap sugar will be bought at a cent a pound less than the million tons of dear sugar.

Now, then, with regard to the question of the price of refined sugar. That does not go at all on all fours with that of raw sugar; but at the same time, where with raw sugar there is but one buyer, there is, as far as the refining industry is concerned, but one seller. For the sake of argument I am assuming one; there are more, but there is one large seller who practically controls the market.

The only competition that he can have, outside of the domestic beet-sugar industry and, to a limited extent, the Louisiana industry, is sugar that pays the full duty—sugar that comes from Hamburg, let us say, and pays a full duty, and establishes a certain level. There are no reasons to compel any deviation from that price, or any going below that price, unless it be competition within the United States.

The only active competition that the refining interest has is the beet-sugar production. Therefore I claim that the price of refined sugar in the United States will not be lowered by the admission of Cuban sugar free or by a reduction of duty, except in so far as it suits the refining industry at certain periods of the year and in certain localities to put down the price in order to make it unprofitable for its competitors.

They have shown that they realize the fact which I have just stated, that in my opinion their only serious competitor is the beet-sugar industry, by doing what you gentlemen have heard—by making, at a certain time and in a certain prescribed territory where the beet sugar is finding its greatest market, a price half a cent a pound lower than the cost of raw sugar in New York, showing that it was not a commercial cut at all, but that it was a cut with a different purpose.

Now, if my premise is right—if the reduction in the tariff on raw sugar accrues to the refining interests—and if my further premise is right, that they can keep the price of refined sugar up to the full Hamburg level, plus the duty, where they desire to do so by reducing the tariff on sugar, you are not going to help the Cubans, but you are going to make it easier and less expensive for the sugar-refining industry to attack the beet-sugar industry.

As I remarked, gentlemen, if I had given you two days ago my opinion as to where the benefit would go, I think my answer might have been different; and therefore I can probably be accused of inconsistency, because up to a very few days ago I thought the benefit of the reduction would go largely to the Cubans.

Mr. LONG. What changed your mind?

Mr. OXNARD. The discussion here. I was going on the assumption of the economic law that it must go largely there; and it would if there were a thousand buyers, or a hundred buyers, or ten buyers independent of each other. They would compete for it.

Mr. LONG. What has been the effect in Porto Rico of giving Porto Rico free sugar?

Mr. OXNARD. I am not familiar with that, sir.

Mr. LONG. Has it helped the planter in Porto Rico?

Mr. OXNARD. I really do not know. I did not expect to speak before your committee, and I did not prepare myself.

The CHAIRMAN. Do you know what the effect is in Hawaii?

Mr. OXNARD. In Hawaii for twenty-five years we had reciprocity; and now, of course, under annexation sugars come in free; and they have contracts with the refiners there, the nature of which I can not state.

The CHAIRMAN. You can not even tell the price of the Hawaiian sugar?

Mr. OXNARD. No; because I was connected with that business, and I am not at liberty to state.

The CHAIRMAN. I know; but do you not know outside of that? You do not know what price the planter gets for his sugar there?

Mr. OXNARD. Not from a source that I can say anything about.

The CHAIRMAN. Well, what information have you on the subject?

Mr. OXNARD. My information is not merely information; it is knowledge, but knowledge acquired when I had confidential relations with some of those interests.

Mr. METCALF. Did you not represent the American Sugar Refining Company at that time?

Mr. OXNARD. Yes, sir.

Mr. METCALF. Was it at that time that you acquired this information?

Mr. OXNARD. Yes, sir.

Mr. METCALF. And that is the reason why you do not care to say anything about it at the present time?

Mr. OXNARD. Yes, sir. It could readily be ascertained, however.

Mr. METCALF. Do you object to answering this question—as to whether reciprocity with Hawaii, by allowing Hawaiian sugar to come into American markets free, resulted in a reduction in price to the consumer?

Mr. OXNARD. Oh, no; I can answer that. No; it did not.

Mr. LONG. Well, did it help the Hawaiian sugar planter?

Mr. OXNARD. I think undoubtedly.

Mr. ROBERTSON. How many Hawaiian sugar planters were there or are there now? I mean real Hawaiian people.

Mr. OXNARD. Do you mean native Hawaiians?

Mr. ROBERTSON. Yes; I mean people who were Hawaiians at the time of reciprocity. Are there any at all? Are not these plantations all owned by Americans?

Mr. OXNARD. They are all owned by Americans or Hawaiians who are the descendants of Americans. A great many of them were

born in Hawaii. They are mostly the sons of the people who went there as missionaries. All their plantations are stock companies, as a rule; and they have a large number of stockholders there. The stocks of many of them are quoted in the San Francisco market.

The CHAIRMAN. Were you connected with the making of contracts for the purchase of that sugar at one time?

Mr. OXNARD. I was at one time, sir.

The CHAIRMAN. For a period of years?

Mr. OXNARD. I was at one time; but that is all I care to say.

The CHAIRMAN. And that is the reason you say that information is confidential?

Mr. OXNARD. Yes, sir.

The CHAIRMAN. You were acting as the agent for the purchase of the sugar?

Mr. OXNARD. I was representing the interests of the American Sugar Refining Company at that time.

The CHAIRMAN. And how long has it been since that ceased?

Mr. OXNARD. It was two years and a half ago.

The CHAIRMAN. Have you received any information as to the price of sugar in Hawaii since that time?

Mr. OXNARD. No, sir; I do not know what it is.

The CHAIRMAN. No information?

Mr. OXNARD. Nothing that I could divulge.

Mr. LONG. Have you any relation now with the American Sugar Refining Company?

Mr. OXNARD. No, sir.

Mr. LONG. And you have not had since two years ago?

Mr. OXNARD. I have not had since a little over two years ago, sir.

Now, I want to say, further, that it has appeared before this committee that on an average the price of making a ton of granulated sugar in the beet factories has been about 4 cents a pound, or, say, \$80 a ton. It was also quoted from the evidence of one of the refiners that it cost them half a cent a pound, or \$10 a ton, to refine sugar here. Therefore I simply want to point out the fact that, as everything which enters into the cost of making granulated sugar is practically labor from the time you plow the ground to the time you turn it out finished, for every ton of beet sugar that is produced in this country the people who produce it distribute \$80 among the wage-earners of this country, while a ton of foreign sugar refined in this country simply distributes \$10 per ton. That is why the industry is of such incalculable benefit to the country regions in which it is established.

The beet-sugar industry, as distinguished from the refining industry, is essentially one of small towns. It tends to counteract the drift of population to the large cities, which political economists all seem to deplore. A beet-sugar factory has to be located, as far as possible, within the radius of hauling distance of its beets, and therefore it results in building up little towns wherever it is established. That has been the case wherever we have established a plant in a locality where no city existed before. In Ventura County, where our largest factory is located, there were possibly eight or ten farmhouses within a radius of 5 miles of the factory before it was established. That was only in 1898, and now there is a town of 2,500 inhabitants there, with telephones, electric lights, water under pressure, and all the modern attributes of civilization.

When we were about establishing that factory I desired to get some

information regarding the nature of the lands that were adjacent to it. I went to the manager of the Southern Pacific Milling Company (which is a company that has warehouses for the storage of grain all along the line of the coast road of the Southern Pacific Railway) and asked him for letters of introduction to his different local agents, so that our men could go there and make inquiries.

He said to me: "Mr. Oxnard, I will give you those letters with great pleasure." He said, further: "I frankly tell you that if you had come to me five years ago for them I would not have given them to you, because when Mr. Spreckles first started the culture of beets in the Salinas Valley we were very considerably alarmed. We thought it was a new crop which was coming in there, which did not need our services, and that it would curtail our business. But," he said, "I assure you that our experience has been that if you take a ranch of a thousand acres that has been growing barley" (which is the chief crop of the Salinas Valley) "and plant it half to beets and half to barley, after two or three crops of beets have been grown, alternately, on those 500 acres, they will produce as much barley and of a better quality than the whole thousand acres produced before."

I am saying this because I heard Mr. Newlands ask why the beet farmer should be protected and should have the price of his lands increased, as distinguished from the grain farmer, and I want to tell him that there should be no beet farmer, properly speaking. The farmer should have a regular rotation, and should have a part of his crop in beets and still be a grain farmer, just as he was before.

Mr. NEWLANDS. Mr. Oxnard, is it a general rule that the beet crop comes in only once in three or five years?

Mr. OXNARD. Mr. Newlands, all those things are conducted in the most happy-go-lucky way in this country to-day. You can not get the farmer to take the proper view of it, except very gradually. The farmer makes money out of his beets one year, and the next year he would like to put his whole crop in beets, irrespective of whether he has the necessary labor or not. Or, on the other hand, if he has a poor crop, and has not made money, he does not want to touch beets. The farmers of this country have not reached the point in beet culture that the European farmer has.

Mr. NEWLANDS. There is no scientific rotation of crops, then, in this country?

Mr. OXNARD. No; we are trying to preach it to them; and wherever we have lands of our own we have adopted a three-year rotation.

Mr. NEWLANDS. My question of yesterday was based upon the assumption that a farm was devoted to beet culture, and not to any other culture. I did not understand at that time that there was this rotation of crops to which you refer.

Mr. OXNARD. It would be the most shortsighted thing possible for a farmer to devote his land exclusively to beet culture, but where there is a proper rotation, the deep cultivation and the thorough tillage and the destruction of the weeds, and everything of that kind which goes to making a beet crop, it has the most beneficial effect upon the crops which follow it.

Mr. METCALF. What would be the effect if we allowed raw sugar polarizing less than 16 degrees, Dutch standard, to come in free of duty?

Mr. OXNARD. Free of duty?

Mr. METCALF. Yes.

Mr. OXNARD. And keep the duty on 96?

Mr. METCALF. Yes.

Mr. OXNARD. Then no 96 would come here.

The CHAIRMAN. You mean above 96; you mean on refined sugar, do you not?

Mr. METCALF. No; I mean——

Mr. OXNARD. You know, we have a graded tariff. We begin at 75 per cent of saccharine.

Mr. METCALF. I have a letter here from the Alameda Sugar Company, which says: "Do not let in free raw sugar polarizing less than 16 degrees," as I read it, "Dutch standard. The result would be that the sugar-refining interest would bring all Cuban sugar in of such a degree of polarization, and escape the entire tariff."

Mr. OXNARD. Well, I do not understand that letter. If you would like to have me read it, I will do so, but I do not like to take up the time of the committee.

Mr. METCALF. I will hand you the letter. You can read the whole of it if you wish.

Mr. OXNARD. I am afraid there are a great many other gentlemen here who desire to follow me. After I have finished I will be glad to take that up with you.

A GENTLEMAN (to Mr. Oxnard). I think he means 16 degrees Dutch standard.

Mr. OXNARD. Oh, 16 degrees Dutch standard. That has nothing to do with the saccharine strength. That is a color test.

The CHAIRMAN. When you were purchasing sugar for the American Sugar Refining Company in Hawaii, was there any other purchaser for that sugar competing with you?

Mr. OXNARD. Well, Mr. Chairman, I do not feel at liberty to answer.

The CHAIRMAN. Why, you can state whether there was any other purchaser or not, can you not?

Mr. OXNARD. I prefer not to make any statement whatever.

The CHAIRMAN. You surely do not regard that as confidential? That is a fact known to the public, of course.

Mr. OXNARD. That is a dangerous path for me to enter upon. I prefer, respectfully, to decline to answer.

The CHAIRMAN. Was any of that sugar sold elsewhere than in the United States during that period?

Mr. OXNARD. You will have to excuse me, Mr. Chairman, but I really do not care to give any information.

The CHAIRMAN. I am not asking you for information. It is a matter so notorious that I do not know why you should have any hesitancy about speaking.

Mr. OXNARD. Well, there is a gentleman here representing Hawaii who no doubt will be pleased to answer your questions.

The CHAIRMAN. He seems to be a Washington attorney.

Mr. OXNARD. Oh, no; excuse me. He is not. He is a Hawaiian, residing here temporarily.

Mr. LONG. If this reduction is made, should it be confined to low sugar, or should it include also refined sugar?

Mr. OXNARD. In my opinion, if it is made at all, it should be made as little as possible. Under my theory the advantage given to the refining interest, as far as refined sugar is concerned, is already so much more than 12½ cents differential that they have plenty of powder and shot to fire at us without cost to themselves, irrespective of that.

Mr. LONG. Are you acquainted with the Spreckles Sugar Company, of which John D. Spreckles is president?

Mr. OXNARD. Yes, sir.

Mr. LONG. I would like to have you examine this letter, addressed to me as a member of the committee, and make any observations you wish in regard to the position taken.

Mr. OXNARD. As I said before, I do not care to answer any questions that have reference to a business with which I was formerly connected. I was connected with that company.

Mr. LONG. With the Spreckles Company?

Mr. OXNARD. Yes, sir.

Mr. LONG. I do not ask you for any information in regard to it; I simply ask you for the position taken in this letter. That is all.

Mr. OXNARD. Well, I am not familiar with the letter.

Mr. LONG. I offered to let you examine it if you wanted to see it.

Mr. OXNARD. I prefer not to have anything to do with it. [Laughter.]

STATEMENT OF D. C. CORBIN, ESQ., OF WASHINGTON,

Beet sugar manufacturer and farmer.

Mr. CORBIN. Mr. Chairman and gentlemen, it has been stated to you that I came 3,000 miles to be heard before this committee. As a matter of fact, I came here more to listen than to be heard. I made no preparation for making any talk before you, and I will only occupy a very few minutes.

I am the owner of a sugar factory which I built between two and three years ago in the State of Washington. I did not make this investment until after I had made a very careful investigation of the condition of things and had made up my mind that I could make it a paying investment. This was on the assumption, of course, that there was to be no change in the tariff on raw sugars. I did not anticipate anything of that sort at the time. I am not going to enter into any technical discussion of this thing, because other gentlemen have preceded me who know very much more about it than I do, and have made some very interesting statements and some very able arguments here—much more so than I could do. I am, rather, going to talk to you a very few minutes from the farmers' standpoint, I think, for I am a farmer myself, in part.

In introducing this industry out there the conditions generally are very favorable. We get a very high-grade product. The beets which I bought from the farmers last year averaged about 17½ per cent, with a coefficient of purity of about 86. This is about the average.

Of course the farmers there knew nothing about sugar beets. However, at our agricultural experiment station experiments have been made with sugar beets that have been planted for a series of years, and analyses have been made which show that the climate and the soil are particularly adapted to the cultivation of this root. But the farmers themselves have had no experience with it, and I suppose that the first season there were not a half dozen men who had ever cultivated the beet before or who knew anything about it.

The country out there is a wheat country, and, like all those Northwestern States, the first thing the farmers did there was to raise wheat. They did that until they exhausted their lands, and they became very foul, as they are now in eastern Washington. Weeds, wild oats, and all manner of foul stuff from a constant succession of wheat crops have grown up, and although our soil is remarkably fertile and rich, it begins to show the result of this continuous production of wheat. The farmer raises wheat because it is an easy crop to make and does not require very hard labor; so he drifts along until he finds—that is,

they are beginning to find in our country there—that that sort of farming will not do. He is getting poorer all the time. That has been the experience in Iowa, Minnesota, Dakota, and all of the wheat States. So he has come to the conclusion that he has got to do something or other. He has got to diversify his farming in order to live and make any money, or even to keep even.

There is one thing about this sugar-beet crop which is a most important thing to the farmer. It is not supposed that any farmer contemplating raising sugar beets is going to devote his entire farm to that product. He takes a certain part of his farm and puts it in condition to raise sugar beets; and when I say “in condition” I mean first-class condition, for he has to do it. When he commences raising sugar beets he has to do intense farming; he can not do it in the slipshod way that he can when he is raising wheat when the lands are virgin and anything will grow under any conditions. He must get down and do intense farming, as I say.

The consequence is that he gets his land in first-class condition. The farmer who plows his land for wheat plows it about 4 or 5 inches deep, and keeps plowing it that way year after year, and never plows any deeper. But when he goes to raising a beet crop he has got to plow the land 12 inches deep or 15 inches deep, and he has got to put it into condition to raise his crop.

Now, after that is done—and this has been demonstrated in that locality this year—after he has had it in beets two years—one of the best farmers in our region told me this—I was talking with him not more than a week before I started down here, and he told me that he had been raising beets on a little plot of 10 acres which he had in wheat, off and on, every year for the last twenty years up to the last two years, and on that 10 acres of ground, plowed up in a 120-acre field, he raised 20 bushels to the acre more than he did on the other ground, which was exactly the same. That shows what you can do after this crop of beets has been cultivated for two years on a field. A man then can raise as much wheat on 65 acres of ground as he could on 100 acres of exactly the same ground before this crop of beets was raised on it.

Now, that is what we need, and that is what is needed all over the country—that is, in the Western States especially, because their methods of farming have been a little slipshod and they have not really done good work, which they have to do now that they see the necessity for it, and so they are taking hold of it in the proper way.

Of course, the proper method of farming, as these farmers are beginning to find out, is diversity of crops and rotation of crops. It goes without saying that that is necessary to get the best results. They have not understood that heretofore, but they are beginning to understand it now. My first year there was pretty nearly an absolute failure. The farmers did not do any good, and the factory did not do any good. Last year they did a great deal better, and the farmers became very much encouraged. They are intensely interested in this matter now, and I can show you why. Up to within the last twelve months you could buy farms there—and there are not finer lands anywhere in the world—for from \$20 to \$25 an acre. That was about all they were worth to raise wheat on. You can not buy some of those farms to-day for \$50 an acre.

They have actually doubled in price in anticipation of the profitable crop which they have now. It is the most profitable crop they have ever had. Last year, on those very lands that have been selling for from \$20 to \$25 an acre, they have made a net profit, after charging

everything—charging the farmer's own labor, his boys' work, his teams' work, and everything else—from \$10 to \$26 and \$27 an acre net. In other words, they have made practically the value of their land in one season.

-Mr. METCALF. What do you pay them a ton for beets delivered at the factory?

Mr. CORBIN. I paid this year, I think, about \$5.37 or \$5.38 a ton.

Mr. METCALF. Delivered at the factory?

Mr. CORBIN. Delivered at the factory.

Mr. METCALF. How far do they have to haul them?

Mr. CORBIN. Well, they haul about half of them in wagons and about half come by rail. As a matter of fact, to encourage these farmers I paid the freight on the beets raised by a great many of them, at the rate of 50 cents a ton, which is in addition.

Now, I am going to say very little about this subject. I have been listening to these arguments here and to this talk, and it has been very interesting indeed. What has been said by the men who have spoken on the beet-sugar question I can verify to a large extent from my own experience; but I wish to say, from the farmer's standpoint, that he does not understand this matter.

Now, I find that to be the case in our locality, and the farmers there are a pretty intelligent lot of men. I was talking with a gentleman by the name of Thayer but a few days ago. He is one of the best farmers in our country, and quite a leader among the farmers there. He said to me: "I don't quite understand one thing which I wish you would explain to me." "Well," said I, "I will if I can. What is it, Mr. Thayer?"

Now, the matter came up in this way: We were discussing the question of making contracts for another year, and I said, "I don't know about that. I am not exactly prepared to say that I want to contract with you now, because I am a little fearful. I see that this question is up here, and the President has recommended that Cuba get some aid, etc. I don't know what they are going to do down in Washington, and I am paying you a big price for beets, and it may mean a big loss to me."

"Well," he said, "I don't understand one thing. Now, the farmer never has had very much protection. I have been a protectionist because I believed in this sort of talk—that generally prosperous times throughout the country are a good thing for the farmer; they give him a good market and good prices, etc. We never needed any protection on our wheat, because that goes to foreign markets. But," he said, "here is an industry coming up which is very profitable to us. I can see that it is going to be a great thing for us, and it appears that this is the first thing to be attacked. The farmer never got much protection, anyhow."

"Now he has a chance in a new industry here to do something for himself, and they are not going to allow him to do it. And for what reason? Why," he said, "I read the papers, and they say it is because the Cubans are poor and have got to be helped. Where does the American farmer come in? It is all very well about Cuba; but we have been spending a great many hundreds of millions of dollars to assist the Cubans, and have given the lives of a great many of our men. Now, it appears that we are under obligations to Cuba. That is the thing," said he, "that I don't understand. It seems to me that it is the other way about—that they ought to be under some obligations to us; but it seems that the argument is that we are still under obligations to them, and that we must help them out."

He said: "I have not any objection to doing that if they will divide up this thing a little bit. They propose to hit the farmer. I read the other day that the steel trust has made in the last year something over \$100,000,000 on a very highly protected product which they make. Now," he said "this must be either a business proposition, or it must be a purely philanthropic proposition. If it is a business proposition, it seems to me that it is not businesslike to go and destroy an industry which is becoming very valuable to the American farmer for the sake of helping somebody in distress who is foreign to us. It is all very well to help other people, but let us help ourselves first. The American farmer needs help as well as they do, and we think that charity should begin at home, if there is going to be anything of that sort. Now," said he, "if they will divide this up, very well; but it seems to me they want to help the Cubans, and in doing so they hurt the farmer and don't seem to be hurting anybody else."

This is a view of the matter from the farmer's standpoint, and this is what they are talking about very largely.

Now, I am not going to make any extended remarks. In fact, I did not expect to say a word; but I do want to say that this industry is going to be a great thing for our State. They are agitating now the question of building two more factories there, which of course they will not do unless they think they can make money out of the enterprise. As a matter of course, they are not going to put in their money and lose it if they can help it. I very much hope that nothing will be done to jeopardize the industry. Of course if it is, we who have put our money into it will lose it.

Mr. METCALF. How many factories have you in Washington now?

Mr. CORBIN. We have but one, sir.

Mr. METCALF. How many acres have you under cultivation?

Mr. CORBIN. Last year between two and three thousand.

Mr. METCALF. How many will you have this year?

Mr. CORBIN. This year we will have, I expect, nearly 4,000. It is growing. It is a slow process to educate these people in this respect; we have to do a great deal of talking to the farmers.

Mr. METCALF. I understand that. What is the capacity of your mill?

Mr. CORBIN. About 400 tons daily, sir.

Mr. METCALF. Four hundred tons of beets?

Mr. CORBIN. Yes, sir.

(The committee thereupon adjourned until to-morrow, Friday, January 24, 1902, at 10 o'clock a. m.)

COMMITTEE ON WAYS AND MEANS,
Friday, January 24, 1902.

The committee met at 10 o'clock a. m., pursuant to adjournment, Hon. S. E. Payne in the chair.

STATEMENT OF MR. WILLIAM HAYWOOD, OF WASHINGTON, D. C.,
Representing the Hawaiian Sugar Planters' Association and the Chamber of Commerce, of Honolulu.

AGAINST RECIPROCITY.

Mr. Chairman and gentlemen of the Ways and Means Committee: My name is William Haywood. I was for three years, prior to the annexation of Hawaii, United States consul-general at Honolulu, and upon the extension of American laws to the islands was appointed collector of internal revenue. I resigned this position last winter to come to Washington as the resident attorney of the Hawaiian Sugar Planters' Association.

Mr. Atkins made several references last week to a delegation from the Sandwich Islands. I am that delegation.

Hawaii being, as it were, the infant of the American family, is naturally diffident in making suggestions regarding legislation of national importance. She is not opposed to Cuba being assisted if Congress in its wisdom decides that the United States is morally responsible for Cuba's welfare. When Hawaii sought and obtained the blessing of American citizenship she expected, and was willing to bear, her share of the burdens of citizenship. She is perfectly willing to stand her share of the expense of helping Cuba, but with her limited means and small population she naturally objects to being plunged into bankruptcy that Cuba's absentee sugar planters may be put on a more favorable footing than she. From all that I can gather, about 90 per cent of those who will profit by a lowering of the duties on Cuban sugars are Spanish and Americans.

To give to Cuba a free market for her sugar will be to give an alien people just as much advantage as American citizenship gives to Hawaiians, and the extra advantage of not being obliged to conform to the stringent laws regarding labor and immigration. With annexation Hawaii lost her best source of labor supply—China. The islands are so isolated that labor does not naturally come to Hawaii, but must be sought. Prior to annexation she could assist immigration and protect herself by making a contract. All those advantages she gave up for what she thought a free, protected market. The prohibition against importing Chinese and the laws against assisted and contract labor has added greatly to the cost of producing her one, and I might say only, staple. It must be borne in mind that Hawaii produces practically nothing that she uses. All her food, clothing, machinery, and in fact everything but a few vegetables, come from the States, and the only thing she has to pay with is sugar.

Hawaii, with an area approximately of 80,000 acres of land suitable for the cultivation of sugar cane, produced last year, sold in the American market, 360,033 tons of raw sugar, valued at \$27,093,923.41, which was 96.22 per cent of her total exports of every description—\$28,054,430.43.

I might say right here that the annexation commissioners, when asked whether the limit of sugar production was reached, placed 80,000 acres as the total area of land suitable for sugar. They only have 80,000 acres in sugar now. We are producing more sugar than Mr. Thurston told Congress he thought we would, but we are doing it because new methods are being devised every day for increasing the output of the mills.

The CHAIRMAN. What was the price per pound?

Mr. HAYWOOD. We figure everything in short tons in Hawaii, and it is almost impossible for me to give anything in pounds.

Mr. NEWLANDS. What do you mean by short tons?

Mr. HAYWOOD. 2,000 pounds.

The CHAIRMAN. Do you not know the price at which raw sugar is sold?

Mr. HAYWOOD. It fluctuates with every steamer.

The CHAIRMAN. And it fluctuates in Hamburg, too. I would like to know the relation of the price in Hawaii to the price in New York?

Mr. HAYWOOD. As I understand it, several plantations in Hawaii make a contract to sell their sugars for three years at the price in New York. The day the cargo arrives there that price is fixed, as I understand it, and, as the committee has been told in the last several days, by the price of sugar in Hamburg.

The CHAIRMAN. As you understand, they get their full price for their Hawaiian sugar?

Mr. HAYWOOD. They get the full price that sugar is selling for in New York as soon as sugars arrive there.

The CHAIRMAN. And how long has that been?

Mr. HAYWOOD. Those contracts?

The CHAIRMAN. Yes.

Mr. HAYWOOD. Since I first went there, about five years ago.

The CHAIRMAN. So, notwithstanding the fact that the American sugar trust is the only customer of the Hawaiian sugar that gets a full price for it?

Mr. HAYWOOD. They get the price the day the sugar arrives in New York, whatever that may be.

Mr. Oxnard has just made a suggestion that we do not get the same price for our sugar in San Francisco. I think it is three-sixteenths less in San Francisco than the price paid for the sugar that goes to New York.

The CHAIRMAN. What proportion of the sugar goes to San Francisco?

Mr. HAYWOOD. I do not think that the greater portion goes there; I think the great portion goes to New York.

The CHAIRMAN. Since you have been producing more?

Mr. HAYWOOD. Yes, sir.

The CHAIRMAN. More than the Pacific coast needs?

Mr. HAYWOOD. I presume so; yes, sir.

Mr. LONG. What is the reason for the difference of three-sixteenths?

Mr. HAYWOOD. As I understand it, the reason given by the purchasers is to cover freight.

Mr. LONG. Freight from San Francisco?

Mr. HAYWOOD. From San Francisco to New York. I am answering these questions from my own opinion.

It is impossible to state exactly what she purchased from the mainland last year because since June 14, 1900, at which time Hawaii was

ushered in as a Territory under American rule, no entry of goods has been required when shipped to or from the mainland; but a fairly accurate estimate based on the official figures for 1899 places the imports in round numbers at \$22,000,000.

From the above figures it will be seen that our little Territory is a good customer of the mainland and that she relies entirely on the proceeds from her sugar to pay her bills.

Hawaii bought last year from the States \$142.75 worth of goods for each man, woman, and child on the islands. Cuba to do as well would have to purchase \$225,000,000 from us.

All my adult life has been spent in the consular service of the Government. I have done my share working for additional foreign markets for American goods, and I appreciate how important it is, but in working to that end it is not good policy to sacrifice a sure home market. With annexation came a big boom in sugar. The people believed that a protected market was assured, and were willing to invest large sums of money in increasing that industry. New plantations with an aggregate capital of \$25,000,000 were started, and old ones enlarged. The people have been struggling manfully for the past three years to meet the assessments on their stock to pay for the immense amount of plantation machinery bought in the States, and now wish to enjoy the rewards for their confidence in American protection.

Hawaii can not produce sugar as cheaply as Cuba. I wish I had the reports for last year of all the plantations, so I could state what the average cost was. I have, however, as a stockholder, recently received the annual reports of three plantations, the figures from which will give a fair idea of the cost of producing sugar in Hawaii. These plantations are three of the best of the islands and are fair representatives of the different kinds. Oahu is a large estate situated on the island of Oahu, and is what is known as an irrigated plantation. Four million six hundred thousand dollars has been invested in this plantation. The other two, Honomu and Wailuku, are smaller estates, one situated on the island of Maui and the other on Hawaii. Both of these plantations are among the oldest, and are fully developed.

Oahu last year produced 21,450 tons of sugar, for which it received \$1,418,421.86, or \$67.30 per ton. The operating expenses are \$1,016,366.08, or \$47 per ton, a net profit of \$19.30 per ton. The duty on 96 per cent is 1,685, about \$33.70 per ton. Take this protection away and every ton of sugar produced by this plantation last year would have been at a loss of \$14.40.

The CHAIRMAN. That is if you take all this protection away?

Mr. HAYWOOD. Yes, sir.

The CHAIRMAN. If you took half of it away it would leave quite a profit—\$5 a ton.

Mr. HAYWOOD. I will state right here that these figures are based on the actual cost to produce the sugar in Hawaii. To that must be added freights, and our plantations do not charge anything for deterioration of plant.

The CHAIRMAN. That is not the net price then, that you have stated?

Mr. HAYWOOD. It is what it costs the plantation to produce the sugar.

The CHAIRMAN. Have you deducted the cost?

Mr. HAYWOOD. I unfortunately did not have those figures to add, and I preferred to make a poorer case than to state something I could not substantiate.

The CHAIRMAN. Can you give an estimate?

Mr. HAYWOOD. Of deterioration?

The CHAIRMAN. Yes.

Mr. HAYWOOD. No, sir; I am afraid I can not.

Mr. LONG. That is upon the assumption that sugar in New York is 1.685 lower in price on account of the duty being taken off?

Mr. HAYWOOD. Yes. The argument of protection is that it raises the price just that much. That is what we have to contend with with the opponents of protection.

Honoum produced last year 4,402 tons, receiving \$342,228.05, or \$77.27 per ton, and its operating expenses were \$282,874.35, or \$64.26 per ton; net profit of \$13.01 per ton. This plantation without the protective duty would produce its sugar at a loss of \$20.67 per ton.

Wailuku states in its report for last year that the cost of producing a ton of sugar was \$46.41. The average cost of these three plantations was \$60.10 per ton. I have not picked out three of the worst plantations; I have given you the figures from all of the reports I have. I am sorry that I can not furnish the average cost of all the plantations, as I feel confident the figures would be substantially the same.

I do not wish to be understood as claiming that this state of affairs has always prevailed in the islands, or that Hawaii will always need the present protective duty. Prior to the extension of the American labor and immigration laws sugar was produced much more cheaply than now. Personally, as a stockholder, I have confidence in the business ability of those who have been trying to solve the problem of raising crops with 75 per cent of the labor needed. Give them time, and I am sure they will find some spot on this earth where labor can be procured at a fair price. What we do ask is that we are not made to compete with a country at present more favorably situated than Hawaii.

One of the gentlemen who spoke last week mentioned the fact that this concession to Cuba would mean a great profit to American shipping. Hawaii has the proud distinction of being the one territory in the world where American shipping predominates. I have not the figures for the past year, but in a report I made to the Department of State on the shipping of the islands for 1897 I showed that 82 per cent of the products of the islands was carried in American bottoms. The New York Mail and Express of March 3, 1898, commenting on my report, said:

These figures present an argument which the business judgment of the House can not resist. They show that Hawaii is the one territory in the world where American commercial influence is not only supreme, but steadily advancing. The expansion of trade interests in the Pacific Ocean which is sure to follow the great international projects now under way in the Far East will increase the volume and value of Hawaii's commerce every year. Hawaii is bound to become the central depot of this vast traffic, and the nation which controls that port will enjoy a position of almost incalculable advantage in the trade between Asia and Europe.

Hawaii exchanged these advantages for a free protected market. I do not believe Cuba can offer as much. If Cuba needs charity, give it to her as such, but not in the form of concessions to absentee landlords. Remember the familiar proverb, which is best expressed by the French, "Well-regulated charity begins at home."

Will the free entry of Cuban sugar hurt the territory of Hawaii? I believe it will. Cuba in 1894, without a free market and under Spanish misrule, found it profitable to produce 1,100,000 tons of sugar at a profit of 10 per cent, and, according to a statement made by Mr. William Bonnet (p. 527, Cuban Census), "could have ground more than that had it not been for the war."

If she can do so well under such adverse circumstances as prevailed at that time, what will she produce when she is put on more than an

equality with the American planter? Listen to what Mr. Robert P. Porter, special commissioner from the United States to Cuba, says about the possibilities of Cuban sugar. You will find it on page 525 of the Cuban Census.

With millions of acres of the richest and best cane land on the globe yet untouched by the plow, with a climate unsurpassed for the growth and development of sugar cane, and with a prestige for Cuban sugar second to none in the markets of the world, the future of Cuba's sugar presents a possibility of wealth surpassing the richness of the gold and silver which came to Columbus in the marvelous tales of the interior of the magnificent island which he had discovered.

I could quote opinions like the above by the score, but it seems unnecessary to consume your time to prove what is patent to everyone who has studied Cuba's agricultural possibilities. With free markets she can supply the world, or, as the compiler of the Cuban Census says in the concluding paragraph of the article on sugar:

The rehabilitation of the large plantations will require much time and considerable expenditures, but with the liquidation of existing loans on rural property, the establishment of banks, and a stable financial system, a repetition of the crop of 1894 may soon be expected, with larger ones to follow. Indeed, when we consider that this crop was cultivated on less than one-fourteenth part of the area of the island (28,000,000 acres), a large part of which can be made suitable for sugar, some idea of its great prospective wealth in this commodity can be formed, provided Cuba is successful in finding favorable foreign markets. In short, it is perfectly apparent, as has been elsewhere stated, that under such conditions Cuba can easily become the greatest sugar-producing country in the world.

Having shown, as I believe, that the free introduction of Cuban sugar will so stimulate the production as to glut the American market with free sugar, let us see how Hawaii could stand the taking off of all the duty. We have as a guide the experience the Hawaiian planters went through during the time sugar was free under the McKinley bill.

The United States minister to Hawaii, in a dispatch to the Secretary of State, No. 32, of September 5, 1891, said:

The repeal of the sugar duty by the United States has struck the principal material product of Hawaii a very severe blow, and with the most favorable estimate it now looks as though bankruptcy must be the inevitable fate of more or less of the sugar-planting firms and corporations.

In confirmation of what I have stated regarding the cost of producing sugar in Hawaii, I quote from page 769 of the Senate Committee on Foreign Relations' report on the Hawaiian Islands. The witness, Mr. Simpson, says:

When I was in Honolulu the winter of 1892 the growing price of sugar was about \$90 per ton. The cause of that was that the previous crop of Cuban sugar had been practically a failure and they were enabled to get a much better price than they are getting at present. The last quotations which I received from Honolulu they were paying for Hawaiian sugar laid in San Francisco 2½, almost the lowest price it has ever reached, and which price does not pay even a small interest on the investment.

In conclusion I wish to impress upon the committee the fact that Hawaii no longer enjoys cheap labor. In fact, she has been put to her wits end during the past two years to obtain sufficient labor to take off her crops at any price. Last spring the Planters' Association tried the experiment of bringing labor from Porto Rico. Two thousand one hundred were imported at a cost of about \$400,000. It cost one plantation \$1.50 per ton of sugar raised to obtain this labor. Hawaii is compelled to-day to pay for the most indifferent labor more than is paid in the States, while skilled labor is paid a much higher wage than union labor demands here.

Mr. Atkins, in his talk before the committee, on page 37 of the printed report, speaks about the cost of producing sugar in Hawaii, and he was very careful to read from the printed report of the Eva plantation, the

plantation that is the wonder of the sugar world for producing sugar. And it was not only not the report for last year's proceeding, but for two years before the plantations of Hawaii began to feel the effects of the scarcity of labor. Eva stands alone. She produces her sugar much cheaper than the other 54 plantations, but it brought to my mind the idea which I would like to submit to the committee, and that is, that before annexation Hawaii did produce her sugar very cheap. She produced it just the same way that Cuba could produce it now if she was given free trade and at the same time allowed to have her own labor laws. So far as I know, she may have a law down there like the Porto Ricans have—to clap a man and put him in jail if he dares attempt to organize labor. I was told yesterday by a gentleman who had been to Hawaii that some sugar planters had told him—he was there two or three years ago, I believe—that the Eva plantation produced its sugar at \$30 a ton. Now, that may be so, I have not the figures.

Mr LONG. That is a cent and a half a pound?

Mr. HAYWOOD. Yes. But I can understand why they produced it that cheap. That plantation was the first irrigated plantation to be started.

Mr. LONG. That is raw sugar?

Mr. HAYWOOD. Yes; and these arid lands up to that time were worth practically nothing. She had the choice of those lands, and naturally took the ones at tide water. All she had to do was to sink a well, not very deep, and it cost very little to pump water up. This plantation, the Oahu, was started just after Eva, with lands just adjoining, but at a higher altitude. They now pay \$30,000 a month alone for coal to be used to pump that water up. We are trying to experiment on the islands to use petroleum to see if that cost can not be reduced; but it shows that with identically the same land—two plantations side by side—that it is not possible for all of them to produce the sugar as cheap as Eva. I do not believe that if these figures were watched, with the other 54 plantations on the islands, it would make much effect on the average cost of producing sugar on the islands.

Mr. LONG. And what is that average?

Mr. HAYWOOD. 60.10 on these three plantations I have the figures for. I do want to emphasize, though, that it being annexed and having to comply with the American labor and immigration laws, the cost of producing sugar is greatly enhanced in the islands; and it has added another difficulty to us, and that is knowing where to get labor at any price. It is no bluff on the part of plantations when they pay \$400,000 to bring 2,100 men, women, and children from Porto Rico. When you know they did this you will know they needed labor pretty bad.

Mr. NEWLANDS. That would be \$200 for each person?

Mr. HAYWOOD. Yes, sir.

The CHAIRMAN. Is there any advantage in Cuba over Hawaii in raising sugar?

Mr. HAYWOOD. Yes, sir.

The CHAIRMAN. Except the labor question?

Mr. HAYWOOD. Yes, sir.

The CHAIRMAN. What is the other?

Mr. HAYWOOD. Nearer to the market.

The CHAIRMAN. I say the cost of producing sugar.

Mr. HAYWOOD. Yes, sir. We are in the same position with the Louisiana people and the beet-sugar people. We can not under our laws secure labor—

The CHAIRMAN. I say aside from the labor question what other advantage has Cuba?

Mr. HAYWOOD. Another thing is it costs us more. Our isolation costs us more for everything we use. We produce nothing we use; it has to be brought from the mainland.

The CHAIRMAN. That is a matter of trade.

Mr. HAYWOOD. Yes, sir; and profits. We pay profits to another person instead of raising the thing or producing the thing ourselves.

The CHAIRMAN. Is there any natural condition wherein Cuba has an advantage over Hawaii?

Mr. HAYWOOD. Yes, sir; we do not have the broad acres that Cuba has. Our arable land runs up into narrow gorges, making it hard to cultivate; it is in patches. While we have the best machinery and steam plows for plowing, yet in a number of places it has to be dug up with a hoe because we can not use a plow. The cost of clearing land in Hawaii is something enormous—I think from \$60 to \$70 per acre. It is full of stones which have to be taken out.

The CHAIRMAN. Has Cuba any other advantage?

Mr. HAYWOOD. No, sir; in every other respect I think we are a favored spot.

The CHAIRMAN. Would the slightest reduction in the sugar duty from Cuba ruin the Hawaiian interests?

Mr. HAYWOOD. No, sir; I do not think so.

The CHAIRMAN. How much reduction could they stand without being ruined?

Mr. HAYWOOD. That is an embarrassing question. I do not know; but I will say this—

The CHAIRMAN. Make it safe.

Mr. HAYWOOD. Ten per cent.

The CHAIRMAN. You think you could stand that much?

Mr. HAYWOOD. I think we could stand that, but here is the point I would like to make. I do not know whether it is feasible or not, and you gentlemen are experts on tariff legislation. Mr. Pavey, I think, who was the lawyer who presented a brief here to the committee, states somewhere in his brief that even if Cuba was given free entry into the United States for her sugar, what she produced would be less than what we have to buy outside, and therefore would not affect the price of raw sugar in the United States. Let us take him at his word, and if Congress decides to give a reduction limit that reduction, say to \$850,000, so as to make sure that Congress will not dump in here on equal terms with the United States all the sugar that we consume.

The CHAIRMAN. Did the sugar production in Hawaii increase or decrease during the period from 1894 to 1897?

Mr. HAYWOOD. It has been increasing right straight along.

The CHAIRMAN. It has increased during those two years?

Mr. HAYWOOD. Yes, sir.

The CHAIRMAN. No difference in the increase during those years?

Mr. HAYWOOD. Yes; I think so.

The CHAIRMAN. I mean the proportion of increase?

Mr. HAYWOOD. Yes; I think it has increased more since annexation.

The CHAIRMAN. From 1894 to 1897?

Mr. HAYWOOD. Oh, no, sir; I do not think there was any increase then.

The CHAIRMAN. Were there any failures?

Mr. HAYWOOD. I do not know; I was not there.

The CHAIRMAN. Have you statistics there that will show whether there was an increase or not?

Mr. HAYWOOD. Yes, sir; I think so.

The CHAIRMAN. If you have them handy you can put them right in the hearings.

Mr. HAYWOOD. Yes, sir; I have it all down here from 1875.

The CHAIRMAN. Do not go back that far; go back to 1891.

Mr. HAYWOOD. In 1891, 274,983 pounds. The next year, 1892, there was a decrease—263,639 pounds. In 1893 there was a considerable increase—330,000 pounds. In 1894 there was a decrease—306,000 pounds.

The CHAIRMAN. You are giving the amount of sugar produced each year?

Mr. HAYWOOD. Yes, sir; 1895, 294,000 pounds; 1896, 443,000 pounds; 1897, 520,000 pounds; 1898, 445,000 pounds; 1899, 445,000 pounds; 1900 and 1901 I can not give.

The CHAIRMAN. Very well. Then there was a substantial increase during the years that I have indicated?

Mr. HAYWOOD. Yes, sir.

The CHAIRMAN. Still, the duty on sugar was 40 per cent ad valorem during those years?

Mr. HAYWOOD. Yes, sir.

The CHAIRMAN. Your industry not only stood that duty, but shows a large increase?

Mr. HAYWOOD. Yes, sir.

Mr. NEWLANDS. The price was higher during that time, was it not?

Mr. HAYWOOD. Yes; very much higher.

Mr. NEWLANDS. The international price was higher?

Mr. HAYWOOD. I will tell you another thing, and Mr. Newlands knows this, for he has studied the political situation in the islands. The overthrow had occurred, and it seemed to people out there that annexation would follow. That invited more capital. A lot of the plantations had taken out their 6-roller mills and put in 9-roller mills, and the production of sugar, the extraction, was higher.

The CHAIRMAN. Hawaii did not get the bounty under the McKinley bill?

Mr. HAYWOOD. No, sir.

The CHAIRMAN. So you ran in competition with free sugar?

Mr. HAYWOOD. Yes, sir; but then we had the advantage over American producers, as I said, by getting cheaper labor than we can get now. There is just one other point—

Mr. NEWLANDS. Are you through with your statement?

Mr. HAYWOOD. One more thing. I have shown that we buy everything in the United States. The manufacturers of those articles receive a high protection. We pay probably \$7,000,000 or \$8,000,000 protection alone on what we purchase on the mainland. Now I ask, is it fair, when we only produce one article, to wipe away all that protection and then make us pay the higher price for everything that we buy from the States?

The CHAIRMAN. That is on the theory that free trade in sugar is to be granted. You speak of wiping away all the protection that you have.

Mr. HAYWOOD. That is what we fear. I would not bother with 10 per cent—

Mr. NEWLANDS. Do you mean to say, Mr. Haywood, that the people of Hawaii pay \$7,000,000 or \$8,000,000 more for these things that they consume by buying them in a protected market than they would have to pay if they were able to resort to the markets of the world?

Mr. HAYWOOD. I am afraid I am not much of an expert on that, but I looked through the tariff schedules last night and picked out the articles that we consume the most of, such as machinery, clothing, gro-

ceries, boots and shoes, and the heavy items, and then I took an average, and assuming that the price paid was equal to the duty—

Mr. NEWLANDS. In addition?

Mr. HAYWOOD. Yes.

Mr. DALZELL. Is that your theory of protection?

Mr. HAYWOOD. I hope it is.

Mr. MCALL. For instance, boots and shoes that you mentioned. Do not we make those cheaper than they are made abroad?

Mr. HAYWOOD. Yes. I would not wear a foreign shoe, either.

Mr. DALZELL. How did you raise your revenue in Hawaii before annexation?

Mr. HAYWOOD. On land and internal taxes.

Mr. MCALL. You did not have any system of custom-house duties?

Mr. HAYWOOD. Yes, we did. There was a preferential duty in favor of the United States. The duty on a good many of the goods in the United States was 10 per cent, and almost prohibitory from other countries.

Mr. MCALL. So really you were under a tariff duty before annexation?

Mr. HAYWOOD. Yes.

The CHAIRMAN. You have bought principally from the United States for thirty years, pretty largely?

Mr. HAYWOOD. Yes; practically since the American missionaries first went there.

Mr. LONG. Have you been paying higher for those supplies since annexation than you paid before?

Mr. HAYWOOD. I have not been there for a year. I was there last summer for a few days and some of the managers told me that supplies were higher, but that was more because of the great prosperity and higher prices generally.

Mr. LONG. And not on account of the tariff?

Mr. HAYWOOD. No. In a good many cases now supplies are cheaper because there is no duty, whereas before the Hawaiians had to pay the Hawaiian Government 10 per cent. Now they get those goods free.

Mr. Oxnard asked about steam plows. We used to buy steam plows from Fowler, of England, because in the United States they did not make a steam plow that ran on a cable. All our steam plows were hauled across the land by traction engines, which was not feasible. The American Sugar Company, which started just after annexation, got a concern in which has sent a man out to the islands and studied the question, and we bought all our plows from that concern. And I will say that I think we got them at the same price and got them in half the time that it would have taken Fowler to have sent them.

The CHAIRMAN. The steam plow is cheaper, I suppose, than the old-fashioned plow?

Mr. HAYWOOD. Yes, sir.

The CHAIRMAN. Do you know whether they use steam plows in Cuba or not? You gentlemen seem to be informed on that subject.

Mr. HAYWOOD. No.

Mr. NEWLANDS. You say the number of acres planted in sugar amounts to 80,000 acres, and that the total product is 360,000 tons, aggregating \$27,000,000. That would be a little less than \$80 a ton, would it not?

Mr. HAYWOOD. That is a little hard to calculate mentally.

Mr. NEWLANDS. On an average what do you understand to be the cost of sugar a ton on those islands?

Mr. HAYWOOD. I said that from the three reports of the three plan-

tations it shows the cost was \$60.10. That would be a fraction over 3 cents a pound.

Mr. NEWLANDS. Do you know what value sugar lands have in Hawaii?

Mr. HAYWOOD. They have increased wonderfully since annexation.

Mr. NEWLANDS. Do you know what the prevailing price was prior to annexation and what it has been since annexation?

Mr. HAYWOOD. No; I do not know what the price was before annexation. Of course the value of land was fixed by its use and what it produced. You see, we have some lands—now, the Eva plantation has a little pocket about the size of this room and it costs a great deal to dig that up, but they do it because I think they raise at the rate of 14 tons per acre in this little pocket. The United States has just condemned a lot of land on Pearl Harbor for the use of a naval station. That land is now in growing cane and the jury returned a valuation of \$75 per acre for that land.

Mr. NEWLANDS. Are there not some sugar lands in Hawaii that run as high as \$500 an acre in value, and even higher?

Mr. HAYWOOD. I do not know, sir.

Mr. NEWLANDS. About how many laborers are employed on all the sugar plantations of Hawaii?

Mr. HAYWOOD. Just a fraction under 40,000.

Mr. NEWLANDS. That is about one-third of the total population, is it not?

Mr. HAYWOOD. Pretty nearly a fourth. There are about 150,000 people there.

Mr. NEWLANDS. Of what nationality are those laborers?

Mr. HAYWOOD. On the plantations?

Mr. NEWLANDS. Yes.

Mr. HAYWOOD. There are 1,460 Hawaiians, 2,417 Portuguese, 27,531 Japanese, 4,972 Chinese, 2,095 Porto Ricans, 46 South Sea Islanders, and 1,046 of other nationalities.

Mr. NEWLANDS. How many Hawaiians did you say?

Mr. HAYWOOD. 1,460.

Mr. NEWLANDS. And what is your next item?

Mr. HAYWOOD. Portuguese, 2,417.

Mr. NEWLANDS. How many native Hawaiian laborers are there in the Sandwich Islands?

Mr. HAYWOOD. That I can not tell. There has been an effort out in the islands not to draw distinctions between the whites and the Hawaiians, and taking the last census we did not divide them except by parentage.

Mr. NEWLANDS. How about the previous census?

Mr. HAYWOOD. I have not that, unfortunately.

Mr. NEWLANDS. How many Hawaiians in all of the islands.

Mr. HAYWOOD. Forty thousand, I should say.

Mr. NEWLANDS. Is it fair to say that one in five of them is a laboring man?

Mr. HAYWOOD. Well, yes, sir.

Mr. NEWLANDS. That would make 8,000 laborers?

Mr. HAYWOOD. Yes.

Mr. NEWLANDS. Why are there not more Hawaiians employed on the plantations?

Mr. HAYWOOD. Because we give the Hawaiians the very best labor we have to perform. They do the stevedoring work and they drive and they work on the stock ranches. They are particularly fond of horses and they are valuable—

Mr. NEWLANDS. They are employed as a rule in other vocations, then?

Mr. HAYWOOD. Yes, sir; and on the plantations I doubt very much if you would find a manager who would ask a Hawaiian to irrigate or strip or cut cane.

Mr. NEWLANDS. Why is that—because it is regarded as an inferior class of labor?

Mr. HAYWOOD. Yes, sir; it is harder and we do not pay as much for that labor.

Mr. NEWLANDS. For that class of labor what is paid in the Hawaiian Islands?

Mr. HAYWOOD. I will give you what I read in a recent publication from Hawaii. It gave a report of the plantations. It was this: Oahu, skilled labor paid a wage of \$85 per month. Everything is skilled but the men who work in the irrigating ditches and strip the cane. Those men are almost entirely Asiatics. They get \$20 per month and receive their house rent and fuel, free water, exemption from taxes, free medical attendance—

Mr. NEWLANDS. Do they receive their food?

Mr. HAYWOOD. No, sir.

Mr. NEWLANDS. Do they pay for that?

Mr. HAYWOOD. They pay for it, but get it at almost cost.

Mr. NEWLANDS. Twenty dollars a month, then, they receive in addition to these other appurtenances?

Mr. HAYWOOD. Yes, sir; and that amounts to almost \$30 altogether.

Mr. NEWLANDS. You say you have about 30,000 Japanese and Chinese there. How do they live on these plantations? Are they in barracks?

Mr. HAYWOOD. No, sir.

Mr. NEWLANDS. Do they live with their families?

Mr. HAYWOOD. No, sir.

Mr. NEWLANDS. How is it?

Mr. HAYWOOD. Our houses on the plantations are built for two families; it is a double house, with a plat of land around it on either side. It is hard for the physicians on the plantations to keep the laborers from herding together, and we try to keep them separate for sanitary reasons.

Mr. NEWLANDS. Take this large plantation that you speak of, this largest one. How many such laborers would be upon that plantation?

Mr. HAYWOOD. Fifteen hundred men on Oahu, 500 on Wailuku, and 575 on Honoumou.

Mr. NEWLANDS. What is the reason of the disproportion between the Japanese and Chinese in those islands?

Mr. HAYWOOD. Because we have not received any Chinese now for seven or eight years and they have been going back, and we have lost them without receiving any in return.

Mr. NEWLANDS. That diminution started under our Chinese-exclusion laws?

Mr. HAYWOOD. No; just after the overthrow. Its constitution started off by saying that it was only to remain in power long enough to obtain annexation to the United States, and then fearing that having a law on their statute books permitting Chinese to come in, which was so contrary to the sentiment of the American people, would be against them, they copied almost exactly the Geary law.

Mr. NEWLANDS. And thereafter you resorted to the Japanese labor?

Mr. HAYWOOD. Yes.

Mr. NEWLANDS. Is that as satisfactory as the Chinese labor?

Mr. HAYWOOD. I do not wish to criticise the bridge that carries us

over—it is the only labor we have—but I would answer no to that question; it is not. The few remaining Chinese get considerably more than the Japanese, because the managers like them better. I would like to say that we have tried the profit-sharing system—

Mr. NEWLANDS. With the laborers?

Mr. HAYWOOD. Yes, sir. It has proved very satisfactory, both to the plantations and to the laborers. Those laborers who work that way receive on an average from \$1.25 to \$1.50 a day for their labor, and the plantations like it better than hiring them by the month at \$20 per month.

Mr. NEWLANDS. Do you have any difficulty in getting laborers from Porto Rico to go there?

Mr. HAYWOOD. No; I think not.

Mr. NEWLANDS. But it cost you about \$200 a head to get them there?

Mr. HAYWOOD. Yes, sir.

Mr. NEWLANDS. Is not that a very large sum for steamship travel and to get across the Isthmus of Panama?

Mr. HAYWOOD. When we first got them, they had no clothes; they had to be furnished with clothes; and after we got them to Honolulu, which does not figure in this \$400,000, I understand, they had to be fed for about three months because they were so emaciated when they arrived that they were not able to work. Really the benefit of bringing Porto Ricans has been the moral effect on the other labor. As has been said here, the average Asiatic laborer who gets a dollar does not care about working. He can live under a fig tree and pick his breakfast off the limbs in the morning.

STATEMENT OF MR. N. B. BRADLEY, OF BAY CITY, MICH.,

Beet-sugar manufacturer and secretary of the Michigan Beet-Sugar Manufacturers' Association.

The CHAIRMAN. Please state your name and business.

Mr. BRADLEY. N. B. Bradley, business man.

Mr. Chairman, and gentlemen of the committee, there are several points in this case that I had desired to submit a few remarks upon, but as the time allotted for the consideration of the subject has so far run I am inclined to take up the question of the adaptability of this industry to the people of Michigan and of the Northern and Western States, extending to the Pacific coast.

There are particular features about it that commend themselves so thoroughly to the farmers—the raisers of the beets—that I believe the submission of a few facts to you will be of interest.

The question is often asked, Why does this industry increase so rapidly as it has for the past three or four years, especially in Michigan and other States adjoining in that part of the country? It commends itself more particularly because of the fact that in years past, during the existence of protective policy, that has done so much to build up the interests of this country, under the influence of which the country has grown wealthy, has become wealthy and has become strong in the eyes of other nations, it has attained to a point where its importance is recognized.

Its power is looked upon with a great deal of jealousy by other governments. I need not at this time refer to the occasions which lead me to make this statement.

Under the protective policy during the years past it has been

announced in every political campaign by the opponents of the Republican party to the farmers that this protective policy makes it expensive for the people that have to buy so many commodities, that nearly everything that you purchase costs you more. We have to admit the truth of that statement to a certain degree. We come back in answer to that, we of the Republican side, that while it costs you more you get a great deal more for what you have to sell. It gives you a larger amount of money in your pocket to pay for those things.

My observation has been, Mr. Chairman and gentlemen, in the past fifty years' experience in Michigan, that when the laboring man has to pay \$6 or \$7 for a barrel of flour he has got money, plenty of it, to pay for the flour and has money left. But when time so changes and conditions so change, so that we can buy flour for \$2.50 a barrel, he has not got the money to buy it with and he suffers because of it. That is the condition.

Then I say that this industry, the raising of the sugar beet, from which sugar is made, commends itself particularly to the farmers of the country. They take to it as naturally as a duck will take to water. It exactly fits their conditions and their needs. They have been raising grains in the past years in most of the States, particularly in Michigan, and some other States in that latitude, they can make scarcely a living. If they have a favorable season and raise a good crop others do the same and down goes the price. They get barely cost. So, in substance, they barely live out of it and can have no balance to use for improvements, and to pay off any obligations that exist.

I have known farmers in my locality who have struggled for twenty years with a mortgage of \$100 or \$200 upon their farms—their farms are generally small. You will notice in our written statement submitted concerning the cost of this product that the acreage is small. Our lands are generally held in 40-acre tracts upon which farmers with their families live. They struggle with these mortgages; they can not, in the ordinary circumstances in which they have been placed in the past, raise money enough to pay them off. This raising of the sugar beet is particularly adapted to their needs. Why? Because they can raise upon their farms of 40 acres what grains, meats, and vegetables they need for their family use, and the raising of a few acres of these beets gives them sufficient money to pay off their indebtedness, their mortgages, and make use of any surplus in buying the necessary articles for their family, making improvements upon their farms and sustaining their buildings and improving their homes, making them pleasant for their families, making them so pleasant that their sons and daughters find it attractive to remain at home. It lessens the desire on the part of the children to rush away to the cities. They are able to purchase reading matter, furnish their homes better, make them cheerful, pleasant, and attractive.

I spent the whole summer of 1897 promoting the first sugar factory in Michigan. It was a new thing to us. We knew that beet sugar had been produced in California, and under the impetus given to agriculture, emanating from your agricultural college here at Washington, working through the several agricultural departments in the States, and especially in Michigan, an effort was made to bring to the attention of the people the importance of this industry, and under the influence of the Agricultural Department the farmers were inclined to consider the matter. Capitalists were inclined to take the matter up, and if the farmer would agree to furnish the beets the capitalist would agree to put the money in and build the factory. And so our legislature took it up, to promote this industry.

A Republican legislature, desiring to develop the interests of the State and its industries, its lands and the welfare of the people, passed a bounty law; and so, in the spring of 1897, we took it up for the first time, and I spent the whole summer trying to induce the building of a factory and to induce the farmers to go into this industry. We accomplished the purpose, and a large number of the farmers engaged in the business. In the fall of 1898, while the beets were being harvested and delivered to the factories and we made the first payment—we pay for the beets monthly, on the 15th; at that time we pay for the delivery of the beets up to the end of the previous month—the farmers gathered for their checks and went to the bank and drew their money, and, Mr. Chairman and gentlemen of this committee, if you could have stood by and seen the pleasure that was depicted upon the faces of those farmers you would have enjoyed it.

To think that for the first time an industry had come to them that would enable them to draw the money to pay off the mortgages upon their farms, to pay for the purchase of the implements they needed to improve their farms. It was a thing worth seeing. I do not believe that if you could have stood by and witnessed the paying out of that money to those farmers that you would think for a moment of disturbing that industry by changing the tariff. If you had gone to the banks, where they could be found on the 15th of each month, and seen them cashing their checks and would interrupt them with a question, "This looks like beet money?" they would say, "Yes, this is beet money; this is the first time in ten years that I have been able to accumulate sufficient money in one sum so that I could proceed to pay off the mortgage upon my farm."

They would hold up their checks, and say, "That is money enough to relieve me from debt; this is the first time I have ever seen that time, and I will use it for that purpose." The first winter a large number of mortgages were reduced, and as the industry has grown the amount of money paid out has increased in volume, this liquidation of mortgages has increased, and our people to-day are in fine condition in the part of the country where I live, because of the indebtedness that has been removed by the money that has come to them out of this industry.

I have hurriedly pictured this condition to you because I see the time is running. Now, if a disturbance is to be brought on, if this duty is to be lowered to such an extent—and I hold that any disturbance will lessen the amount of money we can receive out of it, and even the discussion of this subject here before you at this time of the proposition, the fact that Congress is considering the possibility of reducing the duty, has operated to call a halt in the industry in Michigan, and I believe in the other States—so, I hold that any reduction that might be made would be used by those who manipulate the price of sugar, that it would depress the condition of the trade to such an extent as that our industry would cease to develop. It is at a standstill now.

It was stated to you here the other day by Mr. Stewart that 13 factories in operation, and 4 more under contract to be built now, and 4 more that we know of where the organizations had been completed and articles filed, are being held up now to see the result of the action of Congress this winter; and more factories are in contemplation, but the voice of the promoter, the voice of the solicitor for capital has ceased. The development of the industry is at a standstill. If you disturb the duty upon sugar, I believe that we have got as many factories secured in Michigan as we will have for some time.

The question is, How is it that it costs you so much for sugar? Are you going to be able to reduce it? We say yes, if you will give us an opportunity to acquire it. By the improvement of machinery, improved devices, the improvement of processes, and the systematic handling of labor we will be able to produce it cheaper. We will be able to increase the amount of sugar very rapidly. I have no more doubt that this country—the United States—can produce every pound of sugar, which includes Louisiana with her cane sugar, that we can produce every pound of sugar that this country wants in a few years, than I have that I am standing here. I submit to you that sugar has become an article of food. Every person uses his share, and if we produce it within our own borders we pay out to our own people this enormous sum that we are paying out now to foreigners for this article.

Mr. Chairman, what does it matter if it costs for the first few years a little more money; what does it matter? If we pay it to our own people we keep the money at home. We will then not send away a hundred or a hundred and fifty million dollars each year to foreign countries.

You are aware, Mr. Chairman, that the strength of the nation is in its financial condition. We have been made strong because of our growth in financial strength. Now, if we do anything that lessens that increase, we weaken our nation; we prevent this rapid growth; and when we promote and build up an industry that our farmers are interested in we are strengthening the foundation of our fabric. The farming communities of the country are the bone and sinew of the nation, and anything that we do that lessens their capability of growth and expansion, their increase in strength, lessens the strength of the nation.

Now, supposing you disturb this tariff, and the effect is that it causes our beet industry to cease to grow—and I speak especially for Michigan in this behalf. When we come into another campaign and we go around to discuss the matter with our people we will say, "We have to admit that our Republican Administration has struck a blow that has damaged us; we can not help it." We will have to admit that the beet-sugar industry was the first one that has ever been developed that has directly benefited our farming community.

When we have been met with the proposition that protection benefits manufacturing but not the farmers, we have been able to point to the beet industry as evidence of the fact that protection has benefited the farmers. And we have thought we were safe in prosecuting the industry, because our Administration has pledged itself to protect us, and we have thought we were safe in making investments and inducing others to do so. We have said that they need not hesitate. But now when we come to go around to induce capital to invest and men to engage in this industry we are met with the proposition that the Administration itself has struck a blow, has damaged us; and what can we say? I trust, gentlemen, that you will consider these matters very carefully before you make this move.

Now, I admit, Mr. Chairman, that there seems to be some reason for legislating to help Cuba. I have listened to the arguments and the facts that have been submitted. As it appears to me, and in view of the fact that the Cuban people are soon to set up their own government, what stares them in the face seems to be Where will they get their income to meet the first year's expense? I can conceive that the President has seen that difficulty. I concede that the President feels that something must be done, or ought to be done, to help those people out

of their trouble. I concede that we, as a nation, did extend to them a helping hand, they being our neighbors and we being theirs. There is a way that it can be done, and, it seems to me, without disturbing our home industries. We are receiving and will receive from Cuba a sufficient income from the import duties to give us a fund out of which they can be helped. If it is money that that government will need, a portion of this income could be appropriated, under such legislation as Congress shall see fit to enact, by which they can be aided eventually, and that can be done so as not to injure our home industries.

Now, in my opinion, any disturbance of the duty—any lessening of the duty—will bring into the hands of the refining companies of this country sugar at a cheaper rate than they now pay, and it will be used for improper purposes. I fear that they will use it to strike down this beet-sugar industry. The beet-sugar industry has been growing so rapidly within the last few years that it is marked by the refining companies as a dangerous industry to their growth. They desire to strike it down now. I do not say that the sugar trust has created the condition—has brought about the cry of Cuba and that sort of thing—but I say they are preparing to-day to seize upon the opportunities that are presenting themselves because of the needs of Cuba, to take advantage of the conditions and make use of cheaper sugar to strike down this sugar-beet industry, thereby bringing the whole market under their control.

It is therefore important with us, and I plead with you, Mr. Chairman and gentlemen of the committee, that you consider this matter carefully; if some other way can be devised to relieve Cuba of her wants, that it shall be adopted instead of disturbing the tariff.

Mr. Chairman, I have just one or two documents here I wish to submit.

You heard the gentlemen that spoke here day before yesterday, toward the evening, representing the American Grange. There is a branch of that grange at Lansing, Mich., and in view of the danger threatening our industry it has taken action, and they have submitted this to Washington:

[Telegram.]

LANSING, MICH., January 19, 1902.

Secretary of Michigan Beet-Sugar Manufacturers' Association,
Washington, D. C.:

Whereas an effort is being exerted to reduce the duty upon raw sugar imported to this country from the island of Cuba; and

Whereas such reduction will be detrimental to the new and important beet-sugar industry of our State: Therefore, be it

Resolved, That we most heartily support the effort that is being put forth by our State executive and others in favor of continuing the present duty upon raw sugar, and that we earnestly request the votes of our delegation in Congress against the bill to reduce such duty.

Passed unanimously by Michigan State Grange December 12, 1901.

P. G. TOWER.

1.20 p. m.

I have one other item here. I said a moment ago that we feared the American Refining Company would seize upon the opportunity to destroy the sugar industries of this country by importing sugar at a less rate and using it to strike down our home industries. Here is a communication that has been sent to us within a day or two giving information which seems to confirm this idea:

Oscar Stillman left October for New York for Cuba, sent by Havemeyer, with order to buy or get under option all lands available for cane raising. Gentlemen here can testify to that effect

Mr. TAWNEY. What is the date of that?

The CHAIRMAN. What is the date of that dispatch?

Mr. BRADLEY. The 22d.

Mr. McCALL. Where is it sent from?

Mr. BRADLEY. From Detroit.

The CHAIRMAN. Who signs it?

Mr. BRADLEY. J. C. Dumont, Chamber of Commerce, Detroit.

I do not read this, Mr. Chairman, for any other purpose than for the confirmation of the statement that we have good grounds to fear that this sugar refining company is preparing by every effort that it is able to put forth to seize upon these things and make use of the opportunity to the detriment of our home industries. In other words, to be prepared so that if Congress takes action and does reduce the duty they will be ready to raise their own sugar, their own cane, in Cuba, and ship it here and use it to strike down our sugar-beet industry.

Now, as the evidence that they will so use it, why did they send out such large quantities of sugar this last October at just the time when beet sugar was ready to go on the market and sell it out in the Missouri River Valley at a lower price than the cost of raw sugar in New York? The managers of that company know well that if they can strike down all the competitors they have got that they can hold the markets themselves. It has been said that the price of sugar is fixed in Hamburg. Is it not possible that this same refining company may send agents to Hamburg, to the men who have control of the sugar there, giving them notice that unless the price is put down to a low figure they will go to Cuba and get their stock? The general rule is unless there is a large supply the buyer fixes the price, and only when the supply is short is the seller able to fix it.

Under those circumstances down comes the price in Hamburg to a very low point. At the same time they go to Cuba, or their agents in Cuba will use the low price in Hamburg to buy it cheap there. They are the only concerns that buy raw sugar, and they are the only ones that receive this raw product from the countries that ship it to the United States. They refine it at a small cost. They distribute it over the country and they fix the price. After they strike down all competitors will it be any cheaper? They can well afford to spend some money in striking down their competitors that they may have the whole country to themselves. One man then, so to say, buys all the raw sugar that comes to this country. One man sends it out all over the country and fixes the price, and they pay out for that small fraction from 40 cents to 60 cents per hundred pounds to American laborers. If you allow us to raise the sugar at home we will pay out every dollar of its cost to our own home people, and we will keep every dollar of it within our own pockets, and distribute it throughout the country, giving a great impetus to all industries. There is no industry in the State of Michigan, no proper industry, that will not be benefited by the distribution of this money.

In our little town this last fall, on one 15th of the month, when the pay day came, nearly \$400,000 was paid out in one day to our farmers. It is wonderful what an impetus that gives to all industries in that vicinity. I only picture the benefits that must accrue to our home people if we produce our own sugar. There is a wonderful difference whether the money is paid out abroad for it, whether it goes to foreign countries, or whether we pay it out here at home. The Agricultural Department, under the influence of legislation—Republican legislation—has stimulated these industries—not only sugar, but your tobacco. I could read

you some notes touching the increase and improvement of the finer grades of tobacco under this care and influence.

The same way with rice. I travel through Louisiana occasionally, and going through there a few years ago I saw that there was a vast tract of land lying toward the southwest which was simply a prairie land unimproved. Under the influence of the Agricultural Department, sending away and buying the better grades of rice and distributing those better grades among those people, those lands to-day are producing fine crops of rice. I could read you some figures here that indicate that the increase has been so great within the last three or four years that this year, 1902, they will produce as much rice of the finer grades as is consumed in this country.

Now, just one little item more and I am through.

In my own town the farmers have formed themselves into a beet-raisers' association, and about the time I left home I picked up the home paper, as I was on the cars, and I saw that they had had a meeting the day before and they gave expression to this. I did not know that any such meeting had been held, but I accidentally saw it and I cut it out, because it was so apt at this time:

"We, the undersigned farmers and citizens of Michigan, implore you to use your best efforts to defeat any measure presented to Congress that has for its object the reduction of the tariff on raw sugar. The beet-sugar industry has the brightest prospects of any industry connected with agriculture in Michigan. It brings the greatest good to the greatest number"——

Mr. ROBERTSON. Can not that be printed? It is not necessary to read that.

Mr. BRADLEY (continuing). "It would be a sad calamity to have it crippled in its infancy by an act of Congress."

The CHAIRMAN. You can have that printed if you want to.

REMARKS OF MR. H. T. OXNARD.

Mr. OXNARD. There is a gentleman here that would like to have a few minutes. He is well posted regarding Cuba. He has been there five times, and he can tell you something about the cost of producing sugar there.

But before that I wish to explain about a matter that has been inquired about. I understand that there is a letter sent here by John D. Spreckles, in which he says that raw sugar can stand a reduction and refined sugar can not. The answer to that is simply this: That Mr. Spreckles's refining interests are much larger than his beet-sugar interests. He has a half interest with the sugar trust in his refinery and in their beet factory, and it is almost too evident to answer that that is the motive that prompts him to send that letter.

Another fact. The Hawaiian member here that came before the committee said that there was practically one buyer for Hawaiian sugar in San Francisco. As a matter of fact the Hawaiian islanders have a sugar refinery of their own.

Since refined sugar was admitted free to the trust it pays them about as much as they can bring it in and refine it for themselves.

The CHAIRMAN. Who owns this refinery?

Mr. OXNARD. The planters of the Hawaiian Islands, entirely.

Mr. NEWLANDS. It is in San Francisco, is it not?

Mr. OXNARD. Within 10 miles—Port Costa.

STATEMENT OF MR. MORIZ WEINRICH, OF YONKERS, N. Y.

(Cost of production of Cuban sugars.)

Mr. WEINRICH. Mr. Chairman, permit me to read a letter.YONKERS, N. Y., *December 21, 1901.***HENRY T. OXNARD, Esq.,** *New York.*

DEAR MR. OXNARD: In compliance with your request I beg to give the following information about my experience in Cuba with regard to sugar production.

I have been five times in Cuba; in 1868 visiting the island for a few weeks only; in 1890 I stayed there for over two months, visiting a great many sugar plantations; in 1891 I spent about four months on the Central Unidos, near Sagua, and in 1892 about four months on the Central Union, in the province of Matanzas. In 1894 I made a trip through the sugar districts of the island, as delegate of the Central Association of Austrian Sugar Manufacturers. Having been all my life in the sugar business (farming, manufacturing, and refining) I dare say to be pretty well posted on the subject.

There is no doubt to my mind that in no other country sugar can be produced as cheaply as in Cuba, provided that the Island is enjoying a good and stable government. Of course, in the older sugar districts in the provinces of Habana and Matanzas, where the land is partly worn out, where, as a consequence, the crops are not very large, and where the cane has to be replanted about every six years, the conditions are not exceptionally favorable, but in large portions of the provinces of Santa Clara and Puerto Principe, and especially in the province of Santiago de Cuba, cane can be raised and worked into sugar at such a low price as to defy any competition.

Since there are millions of acres of excellent land in these provinces which have never been cultivated, it would require only certain stimulants, like reduction or abolishment of the duty on Cuban sugar in the United States and a safe political situation, to develop the sugar industry rapidly in these districts, so that within six to eight years Cuba would be in a position to produce annually 2,000,000 tons of sugar.

According to what I have seen and learned the crops of cane on good new land in these districts amount during many years up to 160,000 arrobas from 1 caballeria, or to 60 tons per acre, and that on such land generally 25 large crops of cane are taken off before the cane has to be replanted.

As much as I am aware similar crops of cane can be raised only in the Sandwich Islands upon irrigated land, but the expenses for cultivation there are much higher than in Cuba; besides, it takes there from fifteen to eighteen months to mature a crop against twelve months in Cuba, and cane has to be replanted every five or six years.

A sugar planter who owns a large tract of such land in Cuba near the coast, with good shipping facilities, who cultivates his own cane and owns a large factory equipped with the best machinery, can produce, under good management and everything calculated on a cash basis, a ton of cane delivered to the factory for about \$1.25.

The working expenses, including wear and tear, bags, freight to wharf, etc., will be, in a factory working 150,000 tons or more per campaign, not more than \$1.25 per ton, so that the total expenses would not exceed \$2.50 per ton of cane. With a yield of 11 per cent of raw sugar, one pound of such sugar would cost 1½ cents, which price would be yet a little shaded by utilizing the molasses.

As mentioned above, there exist now a great many plantations where the conditions are not near as favorable, but it must be borne in mind that all those enterprises which have been founded recently, and which will be founded in the future, would operate under conditions as I have them here outlined.

You know that I have given considerable study to the possibilities of the beet-sugar industry in this country. To my opinion the development of this infant industry would be greatly endangered by fostering the cane-sugar industry of Cuba, and there is no doubt that if the duty on Cuban sugar should become entirely abolished and this country flooded with Cuban sugar, that such a measure would be disastrous for this industry and that the majority of the beet-sugar factories in this country would go under.

Trusting that the efforts of you and your friends will prevent such a calamity, I remain,

Yours, sincerely,

MORIZ WEINRICH.

Thereupon, at 12 o'clock, the committee took a recess until 1.30 p.m.

AFTER RECESS.

At 1.30 p. m. the committee resumed its session.

REMARKS OF HON. R. B. HAWLEY, OF TEXAS.

Mr. Chairman, during the progress of this hearing a good deal has been said about a single branch of the sugar industry of our country, and it has been thought important that the committee may be fully informed with respect to the relation of the sugar refining industries of the United States, one to the other; that we should have some information from those who participate in it, who are a part of it, and to that end those of us who believe that there should be a measure formed here that will result in the modification of present conditions would like to have Mr. Post address you. To that end I will call upon Mr. James H. Post, the president of the National Sugar Refining Company, and if you will hear him briefly he will be glad to address you now.

STATEMENT OF MR. JAMES H. POST, OF NEW YORK CITY,

President of the National Sugar Refining Company, and other companies.

(Independent refining interests—favoring reciprocity.)

Mr. POST. Mr. Chairman and gentlemen, I am a partner in the firm of B. H. Howell, Son & Co., raw and refined sugar commission merchants in New York, and we are the agents for the following three sugar refineries: Mollenhauer, New York, and National. I did not come here with a view of making any remarks, but as I have listened to some of the statements I feel that you should have a record of the other refineries in the country competing for the business of selling sugars to the grocers.

There are eight or ten of these refineries, making from 20,000 to 22,000 barrels of sugar per day. These refineries are located in New York, Philadelphia, Boston, New Orleans, Texas, and San Francisco. If you want their names, I will be glad to give them to you.

The CHAIRMAN. Will you give their names?

Mr. POST. These refineries are Mollenhauer—

The CHAIRMAN. And give the annual output of each?

Mr. POST. I will.

Capacity per day.

	Barrels.
Mollenhauer refinery.....	3,000
New York refinery.....	4,000
National refinery.....	3,000
Arbuckle refinery.....	4,000
McCahan refinery, of Philadelphia.....	3,000
Nash. Spaulding refinery, of Boston.....	1,000
Henderson refinery, of New Orleans.....	1,000
Gramercy refinery, of New Orleans.....	1,000
Hawaiian refinery, of San Francisco.....	1,500
Cunningham refinery, of Texas.....	500
Total	22,000

Mr. MCOLELLAN. Are these independent refineries?

Mr. POST. They are independent, except the three I represent—the National, New York, and Mollenhauer—these three being together.

Mr. MCOLELLAN. I mean independent of the trust.

Mr. POST. Independent of the trust, yes, sir; they all buy their sugars as they please and they sell them in competition.

Mr. LONG. What is your company?

Mr. POST. The National, embracing the first three companies I have mentioned.

The CHAIRMAN. I think that Mr. Mollenhauer stated before the Industrial Commission that the Mollenhauer Company, while there was no understanding, still kept up the rate on refined sugar equal to that of the American Sugar Refining Company. What do you say to that?

Mr. POST. We naturally sell at the best price we can obtain. If we have to sell it for less than the other refiners, we sometimes do so.

The CHAIRMAN. Are you selling now for the same as the American Sugar Company?

Mr. POST. One per cent lower than the American Sugar Company now, and have been for some time, which means about 5 cents per hundred lower than the American Company. That has been for some weeks.

The CHAIRMAN. And you state these other companies are all independent?

Mr. POST. Yes, sir.

Mr. LONG. What is the capacity of the American Sugar Refining Company to-day?

Mr. POST. They probably have a capacity of about 40,000 barrels of sugar per day.

Mr. LONG. These figures you give are as to the capacity of the different refineries?

Mr. POST. Yes, sir.

Mr. DALZELL. What is the aggregate of all the others?

Mr. POST. Forty thousand for the American Sugar Company as against 20,000 barrels for the others, making a total of 60,000 barrels per day.

The CHAIRMAN. What is the actual output—what was the percentage of the American Sugar Company for the last year, we will say?

Mr. POST. I suppose their output has been five-eighths of the total.

The CHAIRMAN. You do not agree with the statement that it is 90 per cent of the total?

Mr. POST. No, sir.

The CHAIRMAN. I think Mr. Havemeyer made that statement. He stated that his company had control of 90 per cent of the output of refined sugar in this country.

Mr. POST. I think he was mistaken, if he ever made such a statement; there is no secret about these figures.

The CHAIRMAN. Are your companies running full capacity now?

Mr. POST. No, sir.

The CHAIRMAN. What proportion of their full capacity?

Mr. POST. About 7,000 a day as against the capacity of 10,000. For the last three months during the time of the greatest competition, when Louisiana is marketing her sugars and the beet men are marketing their sugars, we can not sell our product at a profit all the time.

The CHAIRMAN. Prior to that what proportion of that 10,000 did you put out?

Mr. POST. At one time we were running all three refineries.

The CHAIRMAN. Just previous to that three months?

Mr. POST. We were running three refineries up to about that time.

The CHAIRMAN. Out of how many refineries?

Mr. POST. Out of the three we represent; and the other refineries were running too, I believe.

The CHAIRMAN. What is your full capacity?

Mr. POST. Our output during the year has been about 2,000,000 barrels of sugar.

The CHAIRMAN. And how much was it the year before.

Mr. POST. The companies were separate before, and we were going through a time when there was hardly any money in the business and sometimes quite a loss, and we only ran one refinery for a time in order to keep in the markets while the greatest struggle was going on.

The CHAIRMAN. Do you buy sugar in New Orleans?

Mr. POST. We have not this year, because the New Orleans refinery has bought it there, and we could buy to better advantage in other markets.

The CHAIRMAN. What is the price there?

Mr. POST. I think it rules about a quarter of a cent a pound under the New York price. The freight was about that. We buy sugars all over the world; largely in Europe and Cuba, when we have the opportunity.

The CHAIRMAN. Do you buy Cuban sugar?

Mr. POST. Very largely; yes, sir.

The CHAIRMAN. What are you paying for Cuban sugar now?

Mr. POST. The equivalent of $3\frac{1}{2}$ cents, duty paid, which is equal to 1.81, cost and freight, in the last two days.

The CHAIRMAN. Delivered where?

Mr. POST. Delivered in New York.

The CHAIRMAN. Duty paid?

Mr. POST. Yes; $3\frac{1}{2}$ cents. To-day there are no centrifugals offered under $3\frac{1}{2}$, basis 96 test.

The CHAIRMAN. And now you say it is selling for $3\frac{1}{2}$?

Mr. POST. There is none offered under that. Yesterday there were sales at $3\frac{1}{2}$ cents.

The CHAIRMAN. The American price has advanced?

Mr. POST. Yes; and it has advanced in Europe, as you know.

The CHAIRMAN. How long have you been paying $3\frac{1}{2}$ cents for sugar?

Mr. POST. Only two or three days.

The CHAIRMAN. Prior to that what were you paying?

Mr. POST. As low as $3\frac{3}{4}$ for 96 test. We paid as high as 5 cents two years ago.

The CHAIRMAN. What has advanced the price within a week—what causes it?

Mr. POST. There is more demand for refined sugar. The European market has advanced somewhat in view of the possibility of taking off the bounties, as England is in a position to say that she will put a countervailing duty on if they do not, and the whole sugar situation all over the world is in an unsettled state.

The CHAIRMAN. Their conference broke up a few days ago?

Mr. POST. Temporarily, I believe, until they could report to their governments.

The CHAIRMAN. Did that have any effect on the price of sugar?

Mr. POST. Apparently one eighth of a cent.

The CHAIRMAN. And it has advanced, has it not, in a number of markets?

Mr. POST. It has advanced more here than it has in Hamburg.

Mr. METCALF. How many pounds of sugar are there in a barrel?

Mr. POST. About 350 pounds.

Mr. METCALF. On the general average?

Mr. POST. I think so.

Mr. METCALF. You say the National Refining Company has how many refineries?

Mr. POST. Three refineries.

Mr. METCALF. And what is the total capacity?

Mr. POST. About 10,000 barrels per day.

Mr. METCALF. Are these companies connected in any way with the American Sugar Company?

Mr. POST. Not to my knowledge.

Mr. METCALF. Does the American Sugar Refining Company own any stock in any of your companies?

Mr. POST. I do not know who may own the stock. It is impossible to tell, just as you know it is impossible to tell all the stockholders in any company.

Mr. METCALF. You have spoken of the Hawaiian Refining Company. Is that located in San Francisco?

Mr. POST. Just outside of San Francisco.

Mr. METCALF. That is a beet factory also, is it not?

Mr. POST. They take sugars from the Hawaiian Islands and also produce beet sugar. Mr. Rithets is president of the company.

Mr. METCALF. Do you know whether the American Sugar Company owns any stock in that company?

Mr. POST. I have no knowledge of that.

Mr. METCALF. Do you know whether they own any stock in any of these companies?

Mr. POST. I do not know that they do.

Mr. METCALF. There is another sugar refining company in San Francisco, is there not?

Mr. POST. That is true; it is controlled by the Spreckles.

Mr. METCALF. You have no knowledge whether the American Sugar Refining Company, either as a company or the stockholders of the American Company, own any stock in this Spreckles factory?

Mr. POST. It is possible they do.

Mr. METCALF. Is there no agreement between you and the American Sugar Company?

Mr. POST. No; we have never had an agreement as to raw or refined sugar. B. H. Howell, Son & Co. control the sales of the three refineries, and we are absolutely free as to what we shall sell at or what we shall buy raw sugar for.

Mr. METCALF. What in your opinion would be the result of a reduction of the tariff on Cuban sugar? Would it result in a reduction of the price to the consumer?

Mr. POST. I do not think it would this year—I do not see how the consumers are going to get much benefit. If Cuba were making 1,500,000 tons of sugar it would have an effect on the price.

Mr. METCALF. When we had reciprocity it did not result in a cheaper price?

Mr. POST. The price changes every year, you know. In Europe they can increase or decrease the crop within a year.

Mr. METCALF. What in your opinion would be the result of a reduction of 25 per cent in the tariff on Cuban sugar, so far as the consumer is concerned?

Mr. POST. I believe for the present crop the consumer would not get much; I think the Cubans would get it all. I think as the crop increased from year to year this country would get the benefit of part of the concession—

Mr. ROBERTSON. In the paper of Willett & Gray for January 23, they say that the talk of relieving Cuba by allowing 25 per cent reduction in duties is absurd; that such a reduction would not offset the present loss in the production of sugar. It seems it would be no relief.

Mr. POST. It would be 42 cents a hundred pounds—

Mr. ROBERTSON. They say it is desired.

Mr. POST. There is a difference of opinion about it, but I think it is clear they would get benefit from it.

Mr. McCLELLAN. Who is Mr. Oscar Stillman?

Mr. POST. I heard the telegram read to the committee. He is a man who has an interest in Cuba, and he has, in connection with some Hawaiians, bought a large property at San Cruz, near Manzanillo, and I suppose the telegram referred to his going there and starting a sugar plantation. I think the Hawaii people are more interested in it than anyone else. Of course it is only the gossip I hear.

Mr. ROBERTSON. Has there ever been any contest between you and the American Sugar Refining Company as to fixing a price?

Mr. POST. Never as to the fixing of price. There has been a competition for the business, in which we have at times had to sell under them and curtail our production and close our refineries.

Mr. ROBERTSON. When was that done?

Mr. POST. About two years ago.

Mr. ROBERTSON. And since then—

Mr. POST. Also when we were the agents of the Oxnard refinery, of Brooklyn, and the Delaware, of Philadelphia. During those years when the trust was first formed.

Mr. ROBERTSON. The American Sugar Refining Company have stated here several times (I think it has been stated by Mr. Havemeyer in his testimony before the Industrial Commission) that they make every effort in the world to stifle the prosperity of any independent sugar refining company, and it seems that they are now making a war against the independent beet sugar companies. What I want to know is how you can stand that if you have no agreement or arrangement with them. Suppose you could sell sugar cheaper than the American Sugar Refining Company—you say you are not running full capacity now?

Mr. POST. No; we are not.

Mr. ROBERTSON. And I understand that they do not run theirs full.

Mr. POST. No; because there is not consumption enough. I could illustrate the trouble with the beet sugar in the Missouri Valley—

Mr. ROBERTSON. Suppose you could sell sugar cheaper than the American Sugar Company could, could you not run full capacity?

Mr. POST. Not all the time.

Mr. ROBERTSON. Could you not do it sometimes?

Mr. POST. We do do it sometimes.

Mr. NEWLANDS. What is your explanation of the Missouri River sugar situation?

Mr. POST. Some months before the beet-sugar refiners made contracts with the grocers through the Missouri River Valley for sugar at the American Sugar Company's price, less one-tenth of a cent per pound, binding the grocers to take so many barrels. It practically tied up the valley to the beet-sugar men. The American Company and ourselves have always sold lots of sugar there, and these contracts were of course in the interest of the beet sugar company and they started in to get all of the business. I think the beet-sugar business is as well controlled as the American Sugar Company's business.

Mr. NEWLANDS. And you propose to meet their competition?

Mr. POST. Yes.

Mr. NEWLANDS. And they made a tenth of a cent per pound cut?

Mr. POST. Yes.

Mr. NEWLANDS. How much of a cut did you make?

Mr. POST. I think we had to cut some of our sugars 2 cents a pound, but we got out of there as fast as we could and sold in other markets.

Mr. NEWLANDS. And how much did the American Sugar Company cut it?

Mr. POST. They cut it to $3\frac{1}{2}$ cents net, I think.

Mr. NEWLANDS. How much of a cut was that on the prevailing price?

Mr. POST. One and one-half to 2 cents a pound.

Mr. NEWLANDS. So they made a cut of one-tenth of a cent and you made a cut of 2 cents, and the American Sugar Company cut it from $1\frac{1}{2}$ to 2 cents?

Mr. POST. Of course the market was quite demoralized for a time, and refiners sold at all kinds of prices.

Mr. MCCALL. Suppose sugar came in from Cuba at a reduced duty of 25 per cent. You would still have to import 800,000 tons to meet our consumption?

Mr. POST. Yes; 800,000 to 1,000,000 tons.

Mr. MCCALL. Now, can you imagine such a state of things as a cargo of sugar from Hamburg, for instance, in New York Harbor should bring more than a cargo of sugar from Cuba there at the same time?

Mr. POST. It might be if refiners were very well supplied with cane sugars and wanted beet sugars.

Mr. MCCALL. But suppose the sugars were there at the same time, would not the Cuban sugar sell for the same price that the Hamburg sugar would?

Mr. POST. It would sell relatively at the same price; yes.

Mr. MCCALL. That is, you could not imagine that you would pay less for Cuban sugar because it was not paying as much duty?

Mr. POST. No, sir.

Mr. MCCALL. And do not we have to import, say, half a million tons in excess of Cuba's and our production, would not what we would have to pay for that half a million tons, the foreign price, plus the freight, plus the duty, fix the price of sugar in New York Harbor?

Mr. POST. It would to a large extent, except during certain periods.

Mr. MCCALL. Would it not at all seasons?

Mr. POST. Not necessarily, because there are conditions that have to be considered. It never comes here until it is sold. You have to buy beet sugar for shipment, and they do not ship it until they know what they are going to get for it.

Mr. MCCALL. But on any given day the price in New York for raw sugar, testing 96, is the same?

Mr. POST. Not necessarily so, because New York might be well supplied and Europe might want to buy.

Mr. MCCALL. I say on any given day it might fluctuate a little, by going up and down, but there is one price at any given time.

Mr. POST. It varies sometimes several times in a day, you know.

To illustrate: I heard the other day that sugars were sold at $3\frac{1}{2}$ cents, and I wanted some, and I went around and tried to get them and found that they were all sold.

Mr. MCCALL. You have to buy in the market against the market?

Mr. POST. Yes.

Mr. MCCALL. The same as you have to sell in competition to-day?

Mr. POST. Yes. And we naturally have to carry large stocks of refined sugar in different parts of the country. It is one of the methods of doing business.

Mr. ROBERTSON. I think you said sometimes the production of sugar in Louisiana and the production of sugar by the beet people reduced the price.

Mr. POST. Yes, sir.

Mr. ROBERTSON. For what period of time?

Mr. POST. It commences in December and runs up to even now. In Milwaukee they have been using 90 per cent beet sugar, showing that the beet people are supplying that market as well as some other large markets—

Mr. ROBERTSON. If these industries were killed, you would have no competitors. The Louisiana crop and the beet-sugar crop do now affect the price in the world, do they not?

Mr. POST. Of course the Louisiana product and the beet product have their influence.

Mr. ROBERTSON. I am not asking you that question; I am asking you the other question—as to the effect on the production of sugar in Louisiana and as to the price in the United States.

Mr. POST. It has some effect. If sugars are low, planters are apt to carry their sugars and wait until they get a better price. That is a question of judgment for each one.

Mr. ROBERTSON. Do you buy Louisiana sugars?

Mr. POST. We have at times, but not this season.

Mr. ROBERTSON. It was stated here a few days ago by somebody that in the sugar exchange in New Orleans, for instance, when you desired sugar you would have to get permission to buy such an amount as you wanted from the American Sugar Company's agent there; that you would have to get permission to bid, and hence the sugar trust controlled the entire market in New Orleans.

Mr. POST. I do not believe that is so.

Mr. ROBERTSON. Is that the same courtesy extended to you by the sugar trust in New York or elsewhere?

Mr. POST. There is no exchange in New York. At times we buy sugars in Europe, and we have to sometimes pay a premium for it.

Mr. ROBERTSON. I thought perhaps that some courtesy was extended to you, you being independent.

Mr. POST. Our firm has been independent for thirty years.

Mr. ROBERTSON. You say you do not know about your stockholders?

Mr. POST. I do know—

Mr. ROBERTSON. You say you do not know whether they are connected with the American Sugar Company or not?

Mr. POST. No; I do not know about that.

Mr. METCALF. When was the National Company organized?

Mr. POST. In June, 1900, the present company was formed. It was then the National Company bought the Mollenhauer and the New York companies.

Mr. METCALF. What is the principal company?

Mr. POST. The National Company. I was interested in two of them, and I secured control of the other.

Mr. METCALF. Does that company own any cane lands in Cuba?

Mr. POST. No, sir.

Mr. METCALF. Do any of these companies that you have mentioned own sugar-cane lands in Cuba?

Mr. POST. No, sir.

Mr. METCALF. Do any of the stockholders or directors in these companies own sugar-cane lands in Cuba?

Mr. POST. Yes; they do.

Mr. METCALF. To any great extent?

Mr. POST. They have the same right as any other individuals have to become interested in Cuba.

Mr. METCALF. I am not questioning their right, but I am asking for information.

Mr. METCALF. Do you know whether or not Mr. Havemeyer placed orders in Chicago for sugar manufactured by your company?

Mr. POST. I do not think that has been done. We do sometimes sell the American sugars, because we are commission merchants, and at times we have sold them largely.

Mr. METCALF. Do you know at what price Hawaiian sugar sells at San Francisco?

Mr. POST. I believe three eighths below the New York price.

Mr. METCALF. In other words, the same sugar is selling at San Francisco for three-eighths of a cent less than it is selling in New York?

Mr. POST. Yes.

Mr. METCALF. Is that a fact?

Mr. POST. I believe so; I think it is three-eighths.

Mr. METCALF. It is to pay the freight that this amount is put on?

Mr. POST. No; when sugar is sold in San Francisco it is used in San Francisco, and if sold in New York it is shipped around to New York. A steamship company has the contract for carrying that sugar, and they have vessels that can carry about 8,000 to 12,000 tons each.

Mr. METCALF. What was the price on January 21 for granulated sugar?

Mr. POST. 4.36 net was our price; the American, 4.41, I think.

Mr. METCALF. What has been the cause of the increase in the price of raw sugar?

Mr. POST. The European market advancing somewhat and the prospect of smaller planting. There are some estimates, and they will decrease their plantings because of the low price. These are the principal causes, I think.

Mr. METCALF. You say the price in America is higher and it advances more rapidly here than in Europe?

Mr. POST. Yes, sir; at times—

Mr. METCALF. Then, what would be your judgment as to the cause of the increase of price?

Mr. POST. I explained that in Europe there has not been the same advance as there has been here. We know that sugars are abnormally low, and we are buying all we can and hold them.

Mr. METCALF. Holding them for future advance?

Mr. POST. Yes, sir. We may be mistaken; they may not advance.

Mr. METCALF. Have any of the agents of the American Sugar Refining Company, or any of the superintendents of that company, anything to do with the management of the National Refining Company?

Mr. POST. Mr. Oxnard has quoted a man who is an expert, who asked the privilege of going through one of our refineries. We gave him the privilege. I told him [Mr. Oxnard] that he was welcome to go through it at any time. We have as modern a refinery as there is in the world.

Mr. ROBERTSON. What proportion of the refined sugar in the United States do these independents refine?

Mr. POST. I think the American Refining Company refines about five-eighths and the other companies three-eighths of the total consumption, which is 2,300,000-odd tons.

Mr. METCALF. The beet-sugar men have stated the actual cost of manufacture. Have you any objection to stating the cost of refining sugar?

Mr. POST. No. I believe the cost is very nearly five-eighths of a cent per pound. I know it is stated it can be done a little less, and it may be, when everything is running just to the utmost capacity in every way, that it can be done for 3 or 4 cents a hundred pounds less.

Mr. METCALF. Have you any objection to stating the dividends that your company pays?

Mr. POST. We have paid 6 per cent during the last year and a half on \$10,000,000; \$600,000 a year for doing a business of \$40,000,000 a year. That is not a very large dividend for that business.

Mr. METCALF. What percentage of the capital stock was paid in?

Mr. POST. Twenty million dollars was paid in. There is \$10,000,000 of preferred stock and \$10,000,000 of common stock. The common stock has never had a dividend.

Mr. METCALF. You have given the capacity of these factories, have you not?

Mr. POST. Yes, sir.

Mr. METCALF. Three million barrels a year?

Mr. POST. A total of about 3,000,000 barrels for our factories.

Mr. METCALF. And the actual cost, you say, has been \$20,000,000?

Mr. POST. I said the actual full-paid value.

Mr. METCALF. I am trying to get the cost.

Mr. POST. I do not know that.

Mr. METCALF. You do not know that? Could you replace those factories to-day for \$10,000,000?

Mr. POST. No, sir; we could not.

Mr. METCALF. What could you replace them for, fitting them up with the most modern machinery?

Mr. POST. From \$12,000,000 to \$14,000,000, probably; leaving out the good will and working capital, that would be. I believe good will is as much a value in business as any other factor.

Mr. METCALF. Good will is the expectation of future profit, I presume?

Mr. POST. Yes, sir. Of course, there are machinery men here who can tell what it will cost to buy such water fronts and put up such buildings. They are very valuable.

Mr. NEWLANDS. You spoke of the beet-sugar men making a cut of one-tenth of a cent.

Mr. POST. They do it throughout the country, not only in the Missouri River Valley, but throughout Michigan. That is, they offer to sell at our price with one-tenth of a cent off.

Mr. NEWLANDS. That is throughout the year?

Mr. POST. No; during their greatest production.

Mr. NEWLANDS. They market their product immediately, do they?

Mr. POST. I think they try to, but they have not this year. It saves expense to market it right away.

Mr. LONG. You heard the statement made here in regard to Hamburg fixing the price of the world. What have you to say about that?

Mr. POST. We naturally watch the world's markets—London and Hamburg—because they control through Europe about 7,000,000 tons a year.

Mr. LONG. Usually what is the difference between the Hamburg and New York price on raw sugar?

Mr. POST. Just the additional difference of the freight and the insurance and the items that go into it and the difference in value of beet sugar and cane sugar.

Mr. NEWLANDS. What is the difference in value?

Mr. POST. It varies according to the price. It varies from three-sixteenths to one-fourth of a cent a pound, I think. We buy 94-test beet sugars, and we consider that cane sugars of 96 test are worth that much more, or about 20 cents a hundred. The beet sugar that comes here is not as good as refined sugar here.

Mr. NEWLANDS. I mean the beet sugar in this country; is it as good?

Mr. POST. For some purposes.

Mr. NEWLANDS. There is no reason for this reduction of one-tenth of 1 cent?

Mr. POST. Except the object to move sugars. We make contracts sometimes with a grocer; if they will take a certain amount within a certain time we will give it to him cheaper.

Mr. LONG. What is the present price of raw sugar?

Mr. POST. Three and one half cents offered, and held at 3½.

Mr. LONG. If this raw sugar is worth that in New York, what is the price in Honolulu?

Mr. POST. The freight from Honolulu, I believe, is about 40 to 45 cents per hundred, or \$8 on a short ton, and the insurance, I think, is about 1 per cent, and that would give you about the price.

Mr. LONG. And it is 3½ less the freight?

Mr. POST. And less the marine insurance; yes, sir. That is, to the Hawaiian would be less the freight.

Mr. LONG. Now, if the price in New York is 3½, what is the price in New Orleans?

Mr. POST. It varies from one-fourth to three-eighths under that.

Mr. LONG. When the price in New York is 3½, what is the price in Habana?

Mr. POST. You deduct the duty and freight and insurance, and you then have it.

Mr. LONG. You deduct, in addition to what you would take from New Orleans or Honolulu, 1.685?

Mr. POST. Yes, sir.

Mr. LONG. Is that the actual price of raw sugar in Habana?

Mr. POST. Yes, sir; after deducting duty, freight, and insurance.

Mr. LONG. What is the price in Porto Rico?

Mr. POST. The price in Porto Rico is the duty-paid price in New York less the freight and insurance, just as Hawaii is—3½ less the freight and insurance. We bought from them quite recently, and we paid the full New York price for the sugar delivered at our refinery.

Mr. NEWLANDS. Is there any less duty on Porto Rican?

Mr. POST. There is no duty, and therefore the Porto Rican planter gets it all.

Mr. LONG. You have bought sugar in Porto Rico sometimes?

Mr. POST. Yes; only one cargo this year. They have just commenced the crop.

Mr. LONG. What was the price of raw sugar in Porto Rico when the Congress granted a concession of 85 per cent?

Mr. POST. They immediately asked the duty-paid price for their sugars and saved the 85 per cent of duty.

Mr. ROBERTSON. Did they have any sugars at that time?

Mr. POST. I think only a few thousand tons.

Mr. LONG. You mean they got the advantage of that?

Mr. POST. I think on 15,000 tons, possibly.

Mr. LONG. What is the difference in price in Porto Rico and in Habana?

Mr. POST. Practically the duty—1.685. And I believe the freight from Porto Rico is a little higher than from Habana, varying a few cents a hundred.

Mr. LONG. If Congress should make a concession on Cuban sugar of 30 or 40 per cent, how much would the refineries get?

Mr. POST. I do not see how we could get any of it with the conditions as they are at present in the world. Of course, if they were mak-

ing a million and a half tons and trying to sell it the pressure would be so great we could naturally buy it cheaper. It would make the price lower.

Mr. ROBERTSON. It has been said here that it would not affect the price at all.

Mr. POST. They say it would not affect it at the present time, I believe, and I do not know that it would at present. It would affect it in time, I think, because they would increase their production, no doubt.

The CHAIRMAN. What is the freight from New York to New Orleans?

Mr. POST. I think about 30 cents a hundred by steamer?

Mr. LONG. Do you know what it costs to make sugar in Cuba?

Mr. POST. I do not know, except from statements I have read.

Mr. TAWNEY. Do you think if we were to remove the duty or to materially reduce the duty on sugar coming from Cuba to the United States that it would affect the price of raw sugar?

Mr. POST. It would eventually affect the price in this country.

Mr. TAWNEY. Then you were not correct in your statement that the world's price is fixed at Hamburg?

Mr. POST. But I say if you bring in a million and a half tons that can not go anywhere else, it would naturally have an effect in this country.

Mr. TAWNEY. Is it coming here now?

Mr. POST. Not to any extent.

Mr. ROBERTSON. It is the wrong season.

Mr. POST. It would come, but they are waiting, hoping they will get some concessions.

Mr. TAWNEY. Do you mean to say the planters of Cuba are withholding their crop of last year?

Mr. POST. No; this year's crop.

Mr. TAWNEY. Are they beginning to manufacture this year's crop?

Mr. POST. They have already. They have not made much, but they are withholding it.

Mr. TAWNEY. And they are holding it, are they?

Mr. POST. Hoping for some concessions; yes.

Mr. TAWNEY. When the product they are now holding has been disposed of would the ordinary demand for sugar from Cuba thereafter affect the world's price of raw sugar, in your judgment?

Mr. POST. It certainly would unless Europe would reduce its planting of beet sugar, and they can not grow such large quantities of sugar, as I understand it, without a bounty. They are controlled by a trust, and they get benefits both ways. You understand their bounty system which they have in order to export their sugar.

Mr. TAWNEY. The major portion of the sugar product of the world is produced in Europe?

Mr. POST. Yes, I think it is 7,000,000 tons against 2,500,000 of cane sugar in the world.

Mr. TAWNEY. Is it not a fact that the cost of production of the major portion of the product will necessarily control the current price of the entire product?

Mr. POST. Conditions, of course, are different. In Europe the conditions are different from what they are here; it does affect the price in the world's markets.

Mr. TAWNEY. So the world's price of sugar is fixed at London, f. o. b. Hamburg, after the surplus product is disposed of?

Mr. POST. Yes, sir; until the conditions change. The conditions may change within three months, or Europe may reduce their plant-

ings. I saw a statement that they were going to reduce their plantings this coming crop.

Mr. TAWNEY. Do you think the American consumer could derive any benefit, except temporarily, from the free importation of Cuban sugar?

Mr. POST. If not, why do the Louisiana and the beet-sugar men fear it?

Mr. TAWNEY. If the price is fixed in London, f. o. b. Hamburg, the refiner will have to pay just the same as he does now for his raw sugar!

Mr. POST. Except at certain seasons of the year. In those seasons it certainly would affect the price to the consumer.

Mr. TAWNEY. What season?

Mr. POST. Commencing in November and running to March.

Mr. TAWNEY. Is that the season when there is practically no sugar from Cuba?

Mr. POST. No; that is the season when practically all comes from Cuba. They grind about one hundred and twenty-five days there.

Mr. TAWNEY. During that time the world's price is affected by the Cuban sugar?

Mr. POST. It certainly is. The beet sugar is marketed here in the fall and winter months.

Mr. MCCALL. Do they sell Hamburg sugars; can you get them at this time of the year?

Mr. POST. Yes, sir; we had a steamer in three days ago with 3,500 tons, and another steamer is due to-day.

Mr. MCCALL. Then you can get Hamburg sugar at the same time that you are buying Cuban sugar?

Mr. POST. Yes; we naturally buy them when we can buy them to the best advantage.

Mr. TAWNEY. You get prices as fixed at London f. o. b. Hamburg by cable every day?

Mr. POST. Yes, sir.

Mr. TAWNEY. And on those prices you buy your raw material?

Mr. POST. Not always. We use our judgment as to whether we want to buy them that day or the next.

Mr. TAWNEY. Are you governed by those cables as far as to foreign prices?

Mr. POST. We certainly are. If we can buy beet sugars at the best price to-day we will buy them, or if we can buy cane sugars to a better advantage we buy them.

Mr. ROBERTSON. If you were growers of sugar yourselves, as well as refiners, you could control the market?

Mr. POST. No one could; you nor anyone else. I do not know of anybody on earth that has the power to do that.

Mr. ROBERTSON. I know I would do it if I was in that business, wouldn't you?

Mr. POST. No; I don't think that I would.

Mr. LONG. You spoke of the European trust.

Mr. POST. Yes.

Mr. LONG. That is known as the cartel?

Mr. POST. Yes.

Mr. LONG. Will you explain how it works?

Mr. POST. I do not know that I can, except that these men get together and agree they will fix such a price for home consumption, say 8 cents a pound. In order to hold it they will export their surplus, for which the government pays a bounty, even if they have to do it at a loss, and they send it largely to England, and they sell sugar there

from 2 to 2½ cents a pound, and charge their own country 8 cents a pound.

Mr. LONG. Is that in Germany?

Mr. POST. Germany, and in France a little more; and other countries have different systems, under which the price varies according to the conditions.

Mr. LONG. So sugar in London is from a third to a fourth of what it is in those European countries?

Mr. POST. Yes, sir.

Mr. LONG. Owing to the operations of this—

Mr. POST. From the bounty and the cartel together.

Mr. METCALF. Have you any objection to telling me who own the controlling interest in the National Company?

Mr. POST. I represent the controlling interest in the National Sugar Refining Company. It is a matter of record, of course.

Mr. METCALF. I would like to come back to a question. Can you give me the names of any of your stockholders who are interested in sugar lands?

Mr. POST. Yes; Mr. Tooker, Mr. Bunker, Mr. Mollenhauer, Mr. Howell, and various men who are stockholders in the National are interested in sugar lands and have been for some years.

Mr. METCALF. Have they been purchasing lands there recently?

Mr. POST. Three years ago.

Mr. METCALF. Do you know the amounts of their holdings?

Mr. POST. I do not know what each individual holding is. They are interested in three estates in Cuba. One has 66,000 acres, and of that about 10,000 acres are under cultivation. The next one has 7,000 acres, and about 5,000 acres are in cane. The third has about 3,500 acres, and about 1,500 of them are in cane.

Mr. METCALF. Do you know of any of these other refineries that own sugar lands in Cuba?

Mr. POST. They are not owned by refineries. Keep that in your mind.

Mr. METCALF. I am asking, you know, whether any of the stockholders in any of the other refineries are interested in Cuban sugar lands?

Mr. POST. I do not know. I am not familiar with the stockholders of the other companies.

Mr. METCALF. Has there or has there not been an effort to secure lands in Cuba for the purpose of controlling the raw-sugar product?

Mr. POST. I do not think so. Most of those lands are held by men who have owned them for a great many years. Some of us have put money in there in the last few years, but the number is limited, I think, because there has not been any incentive to do it.

Mr. METCALF. Have you any way of estimating the total sugar lands in Cuba?

Mr. POST. Only from what I read.

Mr. TAWNEY. Has not the industry in Cuba during the last year been as profitable as for a number of years past?

Mr. POST. I do not think so.

Mr. TAWNEY. It has been so testified to here.

Mr. POST. Those witnesses would know, of course. I have not been interested in that business until within the past three years.

Mr. TAWNEY. I thought your statement was that you were interested in the prosperity of the industry.

Mr. POST. Yes; in a general way. You have the actual facts before you; there are others here more familiar with them than I am.

Mr. TAWNEY. Do you know whether or not the industry can be developed beyond its present development in Cuba without the interposition of labor from other countries?

Mr. POST. I believe it can; yes, sir. Undoubtedly Cuba would be very glad to accept the immigration laws of this country—

Mr. TAWNEY. In that you also differ with the gentlemen who have been here from Cuba.

Mr. POST. The population grows there very rapidly, and, with modern methods of making sugar, the sugar industry will be improved.

Mr. TAWNEY. You do not know whether, as a matter of fact, the further development of the sugar industry in Cuba would necessitate the importation of labor from other countries or not?

Mr. POST. No; I do not. I am not familiar enough with it to express an opinion.

The CHAIRMAN. Will you give us the margin of cost, including the waste, in refining?

Mr. POST. Cost, I think, is five-eighths of a cent a pound. It may be 0.58 or 0.625 a hundred, according to the location or methods of refining.

The CHAIRMAN. That includes the entire cost?

Mr. POST. Yes; and the distributing of the sugar.

The CHAIRMAN. The distributing of the sugar?

Mr. POST. Yes.

The CHAIRMAN. You do not mean paying the freight?

Mr. POST. No; we do sell it delivered almost everywhere in this country, and we prepay the freight and add it to the price.

The CHAIRMAN. Does that include interest on the plant?

Mr. POST. It does not.

The CHAIRMAN. Does it include anything for depreciation?

Mr. POST. We charge off a certain percentage every year; yes, sir; or we keep it up to the normal condition, which is the same thing. We spend on improvements enough to keep refineries up to their normal condition.

The CHAIRMAN. What part of that is labor?

Mr. POST. You might say it is all labor.

The CHAIRMAN. The waste is not labor.

Mr. POST. It is the effect of labor.

Mr. NEWLANDS. How many men are employed by your refineries?

Mr. POST. I think in the refineries proper probably about 3,500 men.

Mr. NEWLANDS. In the three refineries?

Mr. POST. Yes. There may be a little more than that.

Mr. NEWLANDS. And how large a proportion of the refining of sugar is done in this country by your refineries?

Mr. POST. About 18 per cent.

Mr. NEWLANDS. So that you think the total number would be five times that?

Mr. POST. A little over five times that in the refineries proper.

Mr. NEWLANDS. About 18,000 men?

Mr. POST. But, of course, there are a great many other thousands that are used in distributing it throughout the country.

Mr. ROBERTSON. And a great many more eat it.

Mr. POST. Eighty million, I believe, are engaged in eating it.

Mr. NEWLANDS. I have read the statements made that there were only 5,000 men employed by the refineries in this country. That is not true, then?

Mr. POST. Oh, no, sir.

Mr. LONG. Yesterday the price of raw sugar was $3\frac{1}{2}$ ¢?

Mr. POST. Yes, sir.

Mr. LONG. What was refined sugar?

Mr. POST. 4.36 net, until it was advanced later in the day. I am giving it to you with the discounts off.

Mr. NEWLANDS. What is the average rate of wages paid?

Mr. POST. From 15 cents to 18 cents an hour.

Mr. NEWLANDS. That is skilled labor?

Mr. POST. Skilled labor is high priced.

Mr. METCALF. I understood you to say that with free sugar the price of sugar would ultimately fall to 3 cents a pound?

Mr. POST. I said that if you gave free raw sugar from all the world that the result would be to reduce the price that much.

Mr. METCALF. If so, what would be the effect on the Louisiana industry and the Michigan beet-sugar industry?

Mr. POST. It would destroy them.

Mr. MCCLELLAN. It would destroy the beet-sugar industry also?

Mr. POST. I think so. They claim they can make it for $2\frac{3}{4}$ cents some places. I believe that is a matter of record here.

Mr. CHAIRMAN. I suppose if there was free raw sugar and free refined sugar in Cuba that it would transfer the refineries to Cuba, would it not?

Mr. POST. It would to some extent, yes; but of course as long as the beet sugars were kept out that paid countervailing duties, it would adjust itself somewhat. You make the whole world duty free on raw sugar, except for countervailing duty, you would have very cheap refined sugar in this country.

Mr. TAWNEY. Do I understand you correctly, that the importation of sugar to the United States free would result in the destruction of the cane-sugar industry and the beet-sugar industry in the United States?

Mr. POST. I think so; yes, sir; except a few factories, perhaps. I believe in Louisiana there are really only eight or ten who could compete. I suppose there are a few beet factories that could compete.

Mr. TAWNEY. What would be the effect of a partial reduction?

Mr. POST. If they could make sugar at $2\frac{3}{4}$ cents a pound—

Mr. ROBERTSON. Can they do it?

Mr. POST. It is claimed they can.

The CHAIRMAN. You seem to be skeptical about it.

Mr. POST. I believe the average house can not do it; I believe there are factories that can do it.

Mr. LONG. You mean raw sugars?

Mr. POST. Refined sugar.

Mr. NEWLANDS. Are there any beet-sugar factories that could stand it?

Mr. POST. Yes; I believe there are places in this country where it can be done.

The CHAIRMAN. You do not mean to say right along?

Mr. POST. No; but taking a year like the past year, which I believe has been very favorable.

Mr. TAWNEY. Are those localities where it can be done very numerous?

Mr. POST. I suppose where some are located now are perhaps the best localities in the country for doing it.

STATEMENT OF HON. R. B. HAWLEY, OF TEXAS,

Representing American sugar interests in Cuba.

(Favoring reciprocity.)

Mr. HAWLEY. Mr. Chairman and gentlemen of the committee, the question under discussion here is one of great national importance. We have had so much business, such enormous development in our country, that perhaps we have given less attention to sugar as a national question than many other countries in the world. But we have reached the point, not only with respect to the production of sugar in this country by reason of the recent additions to the United States, but because of the attitude of Europe on this product, that it has become with us, as it has with them, a question of universal concern.

The inquiry here, as I understand it, is as to the relation between this country and Cuba, and Cuba being a country where cane is indigenous to the soil and climate, it is to develop all that relates to the industry, in opposition to the production and its cost in other parts of the world.

There is, in addition to this economic question, a political question, which, if the committee will indulge me for a moment, I desire to discuss briefly in connection with the economic and industrial enterprise that belongs to them and to us alike.

There probably has not been—and I reflect, I think, the public view—a more serious, a more earnest question for the statesmanship of this country than the immediate arrangement of the relations that shall exist between the United States and Cuba. The political phase that we are face to face with is one in which justice, sentiment, and expediency are all involved. The industrial feature appeals to humanity, to progress and opportunity to both the American and the Cuban people alike.

The political conditions of Cuba to-day can not be called less than non-descript. They are not independent as other republics, for we have bound them, and the ties and bonds which we ourselves have created are as indissoluble as are any part of the United States, although Cuba herself remains a thing apart. In this dual relation which we have wisely exacted, and the Cuban people willingly accepted, it puts it out of the power—and I think this is worthy of every attention—of any opponent of this measure to say in a broad and general sense that Cuba is a foreign country, and that all the treaties that may be entered into to-day between the United States and Cuba can be annulled hereafter at the will of either.

Whatever motive or reason inspired our Government at the inception of our enterprise to free Cuba, it must be plain that no diversion can ever come through any agency whatever, from the line of policy laid down by us and accepted by Cuba, and made as fixed and permanent a law to guide them and us as any ever written in our statutes. Who objects in this country to the course that we have pursued? Suppose from the day Santiago fell and Cervera's fleet was demolished we could retrace our way, who would alter it? Who would change the relations since established between ourselves and Cuba? What were the limitations presented? We assumed control of Cuba's laws of health. There is not a Southern State in this Union or in any part of the Union that does not rejoice at the prospect. When we become responsible for order, every thoughtful citizen here hopes it may prove unnecessary in its exercise, and if we are wise, as we may be, there will be no disorder. Still, as its guarantors, our troops and our flag and reservations are there.

The United States to-day controls and exercises dominion over Cuba in a way that it does not in any State in the Union; and she does not do so to-day alone. When the republic shall be established; when a president shall be elected, and inaugurated; when congress shall assemble there; when the republic is free, as we will have made her free, still will there remain the same dominion and a large share of the control over these different functions of government, internal and external, that we exercise to-day.

Mr. TAWNEY. By what authority?

Mr. HAWLEY. By the authority of the Platt resolution, accepted by the Cubans as passed by the American Congress—by that law.

The CHAIRMAN. What portion of the Platt law? Here it is.

Mr. HAWLEY. Do you wish me to read it?

The CHAIRMAN. I wish you to point out what part of the Platt law you refer to for the last statement you made.

Mr. Hawley read from the law referred to as follows:

“That the government of Cuba shall never enter into any treaty or other compact with any foreign power or powers which will impair or tend to impair the independence of Cuba, nor in any manner authorize or permit any foreign power or powers to obtain by colonization, or for military or naval purpose, or otherwise, lodgment in or control of any portion of said island.”

The CHAIRMAN. Is that the portion of it?

Mr. HAWLEY. That is one portion of it.

The CHAIRMAN. Is there any of the rest of it that you refer to?

Mr. HAWLEY. Yes.

“The said government shall not assume or contract any public debt to pay the interest on which * * * for the ultimate discharge of which the * * * of government shall be inadequate.”

Does the United States exercise control over the fiscal system of Cuba? It seems to me that that law makes it absolutely plain.

The CHAIRMAN. That is your interpretation?

Mr. HAWLEY. Yes.

The CHAIRMAN. I only wanted to get it in with your remarks.

Mr. HAWLEY (reading further from the law referred to).

That the government of Cuba consents that the United States may exercise the right to intervene for the maintenance of a government adequate to the protection of life, liberty, and property, and for adjudging the obligations with respect to Cuba imposed by the treaty of Paris.

The treaty of Paris is doubtless known to every member of this committee, and should be known to every member of Congress. That treaty provides that every foreign citizen and every man belonging to every nationality shall be guarded and protected in his life, his liberty, and his property in all cases by the United States Government.

I assert, Mr. Chairman, that the Government exercises a dominion over Cuba that makes us the final arbiter in all that relates to the life, happiness, and progress of that people.

Mr. RUSSELL. Is it your opinion, Mr. Hawley, that the Platt law would prevent the government of Cuba from making commercial treaties with any foreign government except by the consent of the United States?

Mr. HAWLEY. The Platt law expressly permits, as I understand it, that the island of Cuba—the people of Cuba—shall enter upon commercial relations with other peoples within the limitations prescribed by the Platt law, affecting all the other conditions of their national life, and I do not wish, nor do I believe, that any national government

in any part of the earth—whatever the temptations might be for the establishment of relations between Cuba and themselves for economic reasons—could possibly enter upon any sort of an arrangement with Cuba when they knew that the moment it became necessary to make that arrangement good as against the will of Cuba the United States would intervene. And then would it be possible? What character of reply would Cuba receive from any nation in Europe, however powerful, if inviting a reciprocal agreement with the full knowledge that if displeasing to the United States in any of its features it would promptly terminate; under these palpable conditions would any self-respecting nation discuss commercial or any other form of treaties with Cuba? Would the game be worth the candle? Would the hope of advantages through commercial treaties between themselves and Cuba dictate such a course? My impression is that we stand in the relation of a foster father between Cuba and any other power on earth.

Mr. TAWNEY. With respect to her commercial advantages?

Mr. HAWLEY. With respect certainly to her commercial relations or any other relations that she may have with any other power. If there is anything true in the Platt law, if there is anything true with respect to our immediate and prospective relations to that island, that must be true.

With the restrictions which we have just been discussing she might knock at the door of every nation in Christendom and receive a curt denial. Have we not by the enactment of this law taken away from her a privilege that belongs to Magna Charta—the most precious of any of our rights—the freedom of contract? Has she the right to go out for herself in the world and say “I can develop my economic and fiscal interests” by entering into an agreement with this or that power and feel she is safe in doing it; that she can appeal to any other country or government or people to enter upon these relations with her without taking the consequences that might be imposed by the American Government? If these propositions are true, I would like to ask how, then, do we stand in the category with Cuba?

Mr. TAWNEY. One moment. I would like to have a distinct understanding with respect to your understanding of this Platt amendment with respect to the commercial relations of Cuba with foreign countries. The first paragraph of that amendment relates exclusively, does it not, to the prohibition of Cuba entering into any treaty or other compact with any foreign power or powers which would impair or tend to impair the independence of Cuba. Now, the other limitation upon the action of Cuba is, “nor in any manner permit or authorize any foreign power or powers to obtain, by colonization or for military or for naval purpose or otherwise, lodgment in or control over any portion of said island.”

I would like to ask you if it is not your understanding of the Platt amendment that it is for the purpose of preventing European countries, either by treaty or otherwise, from obtaining any lodgment or foothold in Cuba that might be inimical to the interests of the United States?

Mr. HAWLEY. That is not my interpretation. For, if that is true, the unwritten law of this country and the practice and purposes of this country provide for the very proposition you make in defining what is known as the Monroe doctrine. And this amendment you have read and this Platt resolution, which passed both Houses and became a law, was for the express purpose of dealing exclusively with the island of Cuba, not only that we might define our relations with her to the other

powers of the world, but that we might with respect to her internal relations have her understand what our rights and privileges were there.

Mr. TAWNEY. Yes; but we were also very jealous to protect our own interests in so far as our own interests might be affected by any alliance or treaty or compact which Cuba might make with any European power, and was not the Platt amendment primarily for the purpose of preventing that result, and did it have any effect or was it the intention or thought on the part of the American Congress that it should in any way impair the right of Cuba to enter freely into any compact or any trade treaty with any foreign country?

Mr. HAWLEY. It will be very difficult to say what may have been in the minds of the various statesmen of our country, but it must be patent to you, as it is to this committee and Congress, no doubt, that we would not necessarily have dealt with this question at all if the sole purpose had been the propositions which you have defined, because that is our relation and our attitude to every country on the American continent, and in entering upon a new era, a new condition, a new relation with the island of Cuba we wrote this law down explicitly in order that there might not be any misunderstanding whatever on the part of anybody, and assumed ourselves at the Paris conference the obligations which this law was necessary to make good.

Mr. TAWNEY. And reserved to ourselves the right to intervene if she attempted to do those things which she is forbidden to do in this amendment.

Mr. HAWLEY. That is my understanding of it. The relations between the island of Cuba and ourselves impose upon us unusual conditions. If her territory is assailed we defend it. Does anybody doubt that? If a base of operations is required by us on Cuban soil, of whom do we ask it? Nobody. We would simply enter upon our own.

Mr. TAWNEY. We have already asked it and acquired her consent.

Mr. HAWLEY. We have already acquired her consent, and consequently when the crucial test comes we ask nobody for the privileges that have been granted, and is there no responsibility for all this? Having possessed ourselves of every political coign of vantage, shall we turn abruptly away and leave them to empty and utter isolation? This is un-American, unrighteous, and unfair, and not in keeping with a single step of our national history, but the exercise of a reckless and arbitrary power. There never has been in the United States a single moment of her life when we did not accord strict justice between all the peoples that came within our control. So, having placed Cuba under the practical sovereignty of our Government, she becomes essentially a part of the American system, and from that point of view alone we may consider her.

It is not possible to conceive that the American Government proposes, after inaugurating and exercising the character of dominion that we had, that we shall with relentless and arbitrary power say you are, as far as our interests are concerned, a part of us, but as far as your interests are concerned you are a thing apart.

There is not anything American in it; it does not belong to the spirit and genius of this country. And one of two things we must concede, that we will say to her, You shall receive that justice which opportunity affords, or we will release you altogether. Which one of these proposals shall we accept? Will we make Cuba absolutely free and let her stretch her arms where she will to help herself, or shall we bind her to ourselves and sit upon her every industrial and economic right and maintain our own distinct advantage?

That is the question, among many others, that the American Congress has to decide in dealing with Cuba. The question is not here whether some of us believe that that was the wise policy at the beginning, or whether it is unwise now to pursue it; but we are there, and in the face of the nations of the earth, as the exemplar of the Christian religion and of freedom, whether we will say of Cuba to all the world, "We receive and restrain you where it suits our best interests, and we reject and retard you with respect to your own."

Cuba revolted against Spain because Spain refused to make treaties by which her industries might be made profitable. It was tyrannous. Cuba lay helpless on the bosom of the sea, the most fertile field on the globe, yet sterile for the want of markets for her products. The American people and their Government justified Cuba and shook Spain loose from her hold and drove her from the American continent, only to exercise the same industrial tyranny and suppress in like manner Cuba's industrial growth.

So much, Mr. Chairman, if you will, for the political relations between ourselves. There is an economic and industrial situation to discuss affecting the whole welfare and well-being of every industrial interest in the United States, and I think it is so simple that there can be no doubt about the future relations in an economic and industrial sense between the United States and Cuba, and I say, without any special fear of doubt or contradiction, that it will be enormously to the benefit of both.

Nor do I exclude the sugar industry that has appeared here and eloquently presented their claims, for protection sake, with which every member of this committee knows I am in absolute sympathy, and if you will permit me to say so, if I could not come before you and argue for closer relations with Cuba with the full belief that it carried with it every point in favor of protection to the American industrial development I would not appear here at all. If there has been one cardinal point or principle in my life it has been that the legislation by the American Congress for the American people should be primary to every other consideration in life. I do not believe that anyone can disagree with the fact that protection means that one part of our country shall supply the other part; that there shall be an interchange of commodities between us which will be helpful, one to the other. And I want to see that kind of protection which Mr. Dingley stated when he said that his bill was framed for the purpose of encouraging American industries. That is the kind of protection I believe in and the kind we are here to advocate, and it applies to Cuba as to any part of our country.

I believe that once we make the concession to the industry so natural to Cuba, that it will prove of such immense benefit to the American people as well as to them, that we put aside the early annexation of the island while we gradually come to the greater development of Cuba and in the meantime sustain the industry in this country.

I believe, Mr. Chairman, that in all this discussion the general welfare should be guarded by the most generous system of protection. We are willing to have it determined—and I am speaking, I suppose, for those who believe in this side of the question—in its economic aspect entirely from the protectionist point of view.

The beet-root people make this plea. They also make promises, as they have for the last ten years, with which they have not complied, covering the unfailing supply of sugar they will soon offer the American consumer. Millions of tons are to be immediately produced and

thrown upon the market in the some time, and with the same ease that some of them coin impossible statements. Their chief orator, Mr. Oxnard, has said that the President would not have issued his message with respect to the relations between the United States and Cuba if he had been better acquainted with the facts. The Secretary of War, after exhausting every avenue of information, is alike deficient. The President and Secretary seek not only to conform to national honor, but to confer at once on American producers a larger increased sale of American goods than the present total value of all the sugar made in the United States.

The distinguished compiler of facts and fancies, Mr. Oxnard, says that the whole question relates to the sugar trust, which is here with its iniquities and corrupt practices. He is undertaking to say that the whole proposition is one between the American people and the sugar trust. We framed a tariff in 1897. I think the majority of the gentlemen at this table voted for it, and it has been one of the great blessings of the century to the American people. I heard at that time from Mr. Oxnard.

I know that he paced this Capitol then as the legislative ally and copartner of the trust, and whatever the trust did, or he did then or may do now, I rest content—and I think I speak for every patriotic American when I say that they rest content—in supreme confidence that this committee and this Congress will be inspired by the earnest patriotic purpose which has ever characterized it in all the legislation which it has enacted in the interests of the American people.

I do not know whether the American Sugar Company or the Beet Root Trust is here with corrupt methods or not, but I do not believe, whatever the agencies are at work around and about, that this committee needs to be warned or told that they must care for themselves—and that is the only interpretation that can be placed on the attitude of the gentlemen who came here to say that the American Sugar Company was abroad in the land and that you should beware of it.

There were many interesting questions and statements developed by Mr. Oxnard and his associates, among them the tables showing the gradual increase of consumption of sugar in the country, reaching 4,000,000 tons in 1910. It was said here again and again that that would be the requirement for the consumption of this people, and the enormous cost it would prove to this country to go abroad for it. We concur entirely. There is no difference between any advocate of the development of domestic industry on that point. Then their chief statisticians proceed to show their ability to supply the quantity within the time stated. But not content to rest at the end of this decade, they pass to higher flights and show the enormous requirements in 1920—7,500,000 tons—all of which they could supply with the ease of "the simple twist of a nigger's wrist."

But suppose they fall down on it, Mr. Chairman? Suppose they say, "We were mistaken in our estimate." Where is all this money to come from? But more to the point, where is it all going to in paying for this sugar? They agree it must be grown under American auspices or bought in foreign lands.

There are two or three bottom facts with respect to this production, and we might as well understand them. We have been making cane sugar since 1812 and trying to overtake our consumption for sixty years. We made more sugar per capita—and I speak only from memory and if I am mistaken about this I hope some gentleman from Louisiana will correct me—in the fifties than we make to-day. Two

million tons behind our requirements from production in the States and over a million and a half behind if we include Porto Rico and Hawaii, is our situation to-day after undertaking the development of this industry since 1812.

Now, the promise was in 1890 from these gentlemen who knew what the production of beet-root sugar would be, that this gigantic industry would give us sugar to export. They said in ten years a million tons per annum would be exported from this country. We have increased our consumption more than 100,000 tons a year, and the total output of the beet-sugar industry in 1900, just ten years after this promise was made, was 86,000 tons, just 940,000 tons behind their promise.

Do you think, Mr. Chairman, with these unalterable facts behind us, we might at least inquire as to the future source of supply, and through a channel that will aid certainly and permanently every living industry in this country, and according to Mr. Oxnard, if he is ever right, hurt nobody, for when he was organizing his own little trust of \$20,000,000 he said then that we could make sugar cheaper than Europe, and against the world?

Mr. OXNARD. I say so now.

Mr. HAWLEY. I wish it were so. But we can not now nor never compete in the fields with stalwart American labor against the child labor of Europe, and a moment's reflection will demonstrate that proposition without any controversy whatever, with all due respect to Mr. Oxnard and his theories.

We must look to Cuba, under these conditions, not as an enemy but as an ally of the domestic industry that will save us separately and altogether from the complete dominion of Europe.

It is impossible for the world, Europe, or the islands anywhere to make sugar for the present cost. If the proposition is true that by removing a part of the duty from Cuba you eliminate Europe from the whole proposition, and you bring here in connection with the domestic industry the Cuban product, bearing a rate of duty of 1 cent per pound, you find yourselves able throughout a long period of years to get a price in excess of 3½ cents a pound for all of your primary product.

I am not going to say—because the example which has been set me by that high authority, the beet-root people, forbids me entering the field of prophecy—as to what you may or may not obtain in the future for sugar; but it must be plain to everyone that it would be far better for the domestic industry to proceed with a moderate concession of duty to the island of Cuba and its people, practically all of which they would have the benefit of for a long period of time, and in that way to maintain the two industries rather than to take the risk which it seems to me passes beyond the field of risk and becomes a certainty, that Cuba will become a part of the American Union and in that way the domestic industry be hampered and possibly destroyed. It is not a question of whether we like it or do not like it; we are face to face with that proposition.

The plain question follows, whatever this committee may determine: Shall we proceed to develop our own enterprise of sugar in this country and in Cuba, and carry out the policy and purpose and struggle of nearly a century, or shall we leave it to those who are strangers and aliens to our market for all their needs; shall we continue to depend upon the stranger who alike avoids our markets and imposes upon us by artificial and natural methods all the imposts they possibly can in the price for his product?

Mr. TAWNEY. May I interrupt you?

Mr. HAWLEY. With pleasure.

Mr. TAWNEY. You spoke of it having been the policy of the Government since 1812 to develop the sugar industry. Has that been the policy uninterrupted during all that period of time?

Mr. HAWLEY. Not always. I think there was a party that came into power when Walker was Secretary of the Treasury when there was a low tariff.

Mr. ROBERTSON. There was a low tariff on everything under that bill.

Mr. HAWLEY. This was in keeping with the general policy that obtained at that period.

Mr. TAWNEY. How long after the tariff of 1816 and the policy of encouraging the sugar industry began?

Mr. HAWLEY. It was quite a time after the beginning of the industry in 1812, when, I think, the first granulation took place and that sugar became a matter of national importance.

Mr. TAWNEY. What year?

Mr. HAWLEY. I think it must have been 1825 or 1830 before we began to discuss sugar as an article of general use, and from that time on it met with varying encouragement.

Mr. TAWNEY. Had it in any period prior to 1862 received any substantial encouragement?

Mr. HAWLEY. I think it had.

Mr. TAWNEY. If so, what period was it?

Mr. HAWLEY. I do not recall the details of that, but if it is true that in the fifties, which was part of the time when a lower tariff was in vogue, that we increased our product it was in evidence that the industry could barely live on the terms stipulated then, but the fact was that for forty years, as you well know, under a policy that you gentlemen have time out of mind voted for, this industry has been favored.

The CHAIRMAN. Labor was cheaper prior to 1860; it did not require so much protection.

Mr. HAWLEY. The labor was slave labor.

The CHAIRMAN. And cheaper?

Mr. HAWLEY. I do not know so much about that.

Mr. McCALL. Has not the introduction of the sugar beet materially changed the conditions?

Mr. HAWLEY. I do not know that it has. We thought in 1890, when the bounty law became operative, that this new law would have the effect of increasing very much the beet-sugar production, but we find in 1900 that the production of beet sugar was only 86,000 tons.

Mr. McCALL. I mean the effect in the world.

Mr. HAWLEY. Yes, sir; and the beet industry throughout the world has developed so that it has come to be a large proportion of the world's supply.

Mr. McCALL. That would tend to explain why, in 1850, we produced a larger proportion per capita. They did not have the beet sugar then to compete with to any extent.

Mr. HAWLEY. It would rather tend to prove that the sugar industry of the United States had not prospered under any sort of governmental action since that date; that is, that in the fifties we made a larger proportion of sugar per capita than we do to-day.

Mr. TAWNEY. It was all grown in the South where they had slave labor?

Mr. HAWLEY. In the fifties; yes.

Mr. ROBERTSON. Was not the tariff put on it in 1792 for revenue purposes?

Mr. HAWLEY. There was no sugar grown then in this country.

Mr. ROBERTSON. But there was a tariff on it, nevertheless.

Mr. HAWLEY. That was for revenue purposes alone. It had no relation to the industry.

Mr. METCALF. In treating this question from a political standpoint, you state we ought to be just to Cuba. Do you think we ought to carry it to the extent of sacrificing our own industries?

Mr. HAWLEY. I said just to Cuba, either in binding her closer to us or we ought to unloose her.

Mr. METCALF. The statement was made by Mr. Post that with the development of the cane-sugar lands in Cuba they ultimately could produce sugar for 3 cents a pound, and that would result in the destruction of the industry in Louisiana, and also the destruction of the beet-sugar industry in the North and West.

Mr. HAWLEY. Yes; I heard him say that with great interest, and I disagree with him.

Mr. METCALF. You say you disagree with him?

Mr. HAWLEY. With that particular statement.

Mr. METCALF. It is simply a matter of opinion?

Mr. HAWLEY. Yes.

Mr. TAWNEY. You are both agreed, though, as to what we shall do?

Mr. HAWLEY. Well, I am not quite sure as to that.

Mr. TAWNEY. Substantially you agree as to what we shall do, although you may differ as to what may be the results.

Mr. HAWLEY. I have never entered upon any detailed statement with Mr. Post as to how far this Congress should go. I think he feels that this is a great national question, and I think perhaps his intelligence and his comprehensive notion about this whole sugar question is equal to that of any man in the United States.

Mr. TAWNEY. You were formerly a member of Congress and are an attorney. If we were to grant a concession of this kind to Cuba, and as an independent Republic, would or would we not, in your judgment, be bound to make the same concession under the favored-nation clause to other countries?

Mr. HAWLEY. I do not think so.

Mr. TAWNEY. Why?

Mr. HAWLEY. Because I do not think that other nations could confer upon us the same privileges that we would exact from Cuba.

Mr. ROBERTSON. What about Santo Domingo?

Mr. TAWNEY. What are those privileges?

The CHAIRMAN. It would depend altogether on the reciprocal terms.

Mr. HAWLEY. Yes; entirely.

Mr. TAWNEY. There is no proposition pending before us for any reciprocal relations.

Mr. HAWLEY. You appreciate, of course, Mr. Tawney, as a present member of Congress and as an attorney, that it would be a very simple matter for the Congress of the United States to make any action it might take conditional on the attitude of Cuba toward American markets.

Mr. TAWNEY. Do you believe it would be fair to Cuba to impose conditions of that kind upon her just prior to becoming an independent republic?

Mr. HAWLEY. I think it would not only be fair, but I think that Cuba would consider it fair.

Mr. TAWNEY. Suppose they were to complain of it, or suppose we were to take advantage of her situation?

Mr. HAWLEY. Then, if Cuba elected to complain, it would be simple for the attitude of this Congress to be that she can remain as she is, either without admission to the American market under favoring conditions or admitting American products, which are now on equal terms with European markets, to her markets; and I do not believe, speaking for the principle and policy which I outlined at the beginning of this discussion, that the American Congress ought to make any concession whatever to Cuban products unless they stipulate in that act that Cuba shall give the American producer absolute control of the Cuban markets for all American products.

Mr. ROBERTSON. How would she get her revenues?

Mr. HAWLEY. The Cuban people, whatever may be the opinion of some well-informed statesmen on other subjects, know well how to take care of their fiscal condition and admit to their markets every product that is made in this country as against the products of like character that are made in any other countries, and on a tariff basis that will provide adequate revenue.

The CHAIRMAN. Has Mr. Hawley concluded his statement?

Mr. HAWLEY. The gentlemen desired to ask me questions, and there are probably some tables here with respect to the amount of trade that would come to this country that I might put into the record.

Mr. LONG. You said it was largely with the Cuban planters themselves as to whether they would get the benefit of any concessions we might make. What do you mean by that?

Mr. HAWLEY. I mean that the Cuban planter, like every other producer in life, having the markets of this country, which take far more than he can possibly produce—and I say that advisedly and will be glad to be questioned on it if you do not understand it—that he can sell his sugar in this market to the American refiner at a price that he knows to be right in its relations between the raw product and the refined product, or if he finds that the price which is being paid to him for his raw product is “iniquitous” on the part of the refiner—that the difference of margin between the two products is too great—for a small addition to his establishment, to the machinery he is already operating, he can make and send to this country the character of sugar that will go directly from him to the American consumer.

If he has not the enterprise to do that—and I know some who will have—it might not answer; but I think out of the 150 or 160 sugar houses that are running in Cuba that more than 100 of them can be rapidly installed in such a manner as to make the character of sugar that can be consumed on the American table. And it is entirely with him as to whether he will meet that condition or whether he will submit, should there be unfair depression by the American buyer. Of his raw product, it is plain under this state of facts that the seller, not the buyer, can control the market.

Mr. LONG. The proposition has been made by some of the Cuban delegation to make the reduction solely on raw sugar.

Mr. HAWLEY. I do not sympathize with it.

Mr. LONG. You think it should be made on all?

Mr. HAWLEY. I think it should be made universal. I can not conceive of any other proposition.

Mr. LONG. You are a Cuban planter, are you—that is, you are engaged in producing sugar in Cuba?

Mr. HAWLEY. I have some interests there; yes, sir.

Mr. TAWNEY. The tariff now on raw sugar, I believe, is 1.68?

Mr. HAWLEY. Yes; 1.685 or 1.687.

Mr. LONG. If Congress in its wisdom should reduce that to \$1, or 1 cent per pound, would you expect to get the other 68 cents?

Mr. HAWLEY. I would expect the greater part of it. I would expect that the very greater portion of it would go to the producer.

Mr. LONG. What does it cost to make sugar? What is the average cost in Cuba?

Mr. HAWLEY. Well, Mr. Long, there is no such thing as an average cost for producing sugar anywhere. Climatic conditions are to be taken into consideration, and management. The amount of capital invested and the extent in which you embark in the business all affect you.

Mr. LONG. I am speaking of this year's crop.

Mr. HAWLEY. It is very difficult to answer that. I should say, however, that the crop of this year—you realize that I must take the conditions that surround me and surround my neighborhood, and that I gather from different estimates—would cost us about 2 cents a pound to put it on board a vessel.

Mr. LONG. Raw sugar?

Mr. HAWLEY. Yes; I do not think everybody could do it for that. Some people would be ruined who had to put their sugar on board at 2 cents a pound.

Mr. LONG. What is the present price of raw sugar in Cuba?

Mr. HAWLEY. I think about 1½ cents, approximately, on board a vessel there. That is my understanding of it. That would be 1.81 delivered in New York, the freight being about 10 cents.

Mr. LEAVITT. If you add the duty to that what would the price be?

Mr. HAWLEY. Add 1.68 and you will find it.

Mr. METCALF. In answer to the question of Mr. Long you said that a reduction in the tariff would result in benefit to the producer.

Mr. HAWLEY. What producer?

Mr. METCALF. That is the question I wanted to ask you—whether you meant a benefit to the planter or to the factories.

Mr. HAWLEY. I think it would result in benefit to both. The business in Cuba, as in other parts of the world, is conducted variously. I will speak of those interests in which I am individually concerned. We produce all our sugar under what is known as the tenant system. We pay a graduated price for cane. If sugar is high he gets a high price for his cane. If sugar is low he shares in the burdens that are put on the general industry. But there is no part of the prosperity that would come to the islands that he would not be as much a part of as the factory.

Mr. LONG. When do you agree upon that price; do you agree upon it before or at the time the cane is delivered?

Mr. HAWLEY. We agree upon it at the time of the contract, which usually goes over a period of from five to eight years. It is a graduated scale. He gets a certain number of pounds of sugar for a given number of pounds of cane.

Mr. LONG. He gets the price of sugar at the time the cane is delivered?

Mr. HAWLEY. He gets the price of sugar at the time the cane is delivered; yes. We take the price of sugar. For instance, the average return to him is about 5 per cent; the average extraction of sugar from cane is rather less than more than 10 per cent, but he gets his proportion of it at the port of export. Of course the greater part is exported from Cuba, and he gets his part of the product at the port of export. All the charges are defrayed by the factory.

Mr. METCALF. Including the purchase of sacks?

Mr. HAWLEY. Everything. Of course there are some that get rather less than 5 per cent, because the money is furnished often without interest and a general summary is made in the contract between the tenant and the proprietor; but in the main he gets half the product.

Mr. TAWNEY. Does that method obtain generally in the large plantations of Cuba or just on your own plantations?

Mr. HAWLEY. It applies distinctly to our own; but I have no reason to doubt that it applies to many others.

Mr. TAWNEY. They have what they call centrals?

Mr. HAWLEY. Yes.

Mr. TAWNEY. On nearly every plantation?

Mr. HAWLEY. On nearly every extensive plantation.

Mr. TAWNEY. And they have railways leading out from those centrals?

Mr. HAWLEY. Sometimes; and in addition to that they use the public highways.

Mr. TAWNEY. How does the individual Cuban who owns a small tract of sugar land transport or get that cane to the factory?

Mr. HAWLEY. He usually hauls it to the nearest station from his plantation and there by railway it is hauled to the factory.

Mr. TAWNEY. And he is charged by the owner of the factory a certain rate of freight?

Mr. HAWLEY. He is charged nothing.

Mr. TAWNEY. It is hauled free?

Mr. HAWLEY. It is; yes, sir.

Mr. TAWNEY. Does that obtain generally?

Mr. HAWLEY. I think that universally obtains, that he is not charged anything for that; that he has no charges whatever applied to his cane. Wherever he agrees to deliver it, it is taken from his delivery point to the factory free. Sometimes he is close enough to the factory to haul it by wagon; but there is little cane hauled over $2\frac{1}{2}$ miles. I think the great majority would be less than that.

Mr. TAWNEY. Hauled how?

Mr. HAWLEY. Hauled in wagons.

Mr. TAWNEY. How long is the haul on the railroads?

Mr. HAWLEY. There is no limit at all. It is sometimes 5 miles and sometimes the same train will pass four or five factories going to the final factory to whom the planter has sold his cane.

Mr. TAWNEY. You mean it generally obtains throughout all the plantations that the cane is hauled free for the individual planter over these roads?

Mr. HAWLEY. I mean to say that when the contract is made between the planter and the factory that a price is agreed on at the sugar house, if hauled in wagons, or at a railway station accessible to the plantation on which the cane is grown, and when it is delivered in the car it is equivalent to being delivered at the factory, and there is no charge whatever against the cane after it is delivered at the point at which the factory takes charge of it.

Mr. TAWNEY. In making that contract, what do you usually charge or allow for carrying the cane from the plantation into the factory? What is the rate?

Mr. HAWLEY. The charge for carrying the cane from the plantation to the factory is estimated in the general expense of operating the factory.

Mr. TAWNEY. Can you give us any idea of what it is per ton?

Mr. HAWLEY. Certainly. What is it that you want?

Mr. TAWNEY. I want to know what rate you allow for carrying it in making your contract.

Mr. HAWLEY. Ten or 15 cents per ton, according to circumstances.

Mr. TAWNEY. That is on your plantations?

Mr. HAWLEY. No, sir; that is on the public roads, and the plantation roads, either.

Mr. McCLELLAN. How long have you been engaged in the sugar business in Cuba?

Mr. HAWLEY. Three years.

Mr. TAWNEY. How large a plantation have you?

Mr. HAWLEY. Do you mean how large are these plantations in which I have an active interest?

Mr. TAWNEY. How many plantations are there in which you have an active interest?

Mr. HAWLEY. Only two.

Mr. TAWNEY. And how large are they?

Mr. HAWLEY. One is 7,000 or 8,000 acres and the other has a very much larger acreage, perhaps 65,000 or 70,000 acres.

Mr. TAWNEY. What percentage of the land is now under cultivation?

Mr. HAWLEY. Of our own lands one has 5,000 acres under cultivation; the other has 11,000 or nearly 12,000 under cultivation.

Mr. TAWNEY. Who besides yourself is interested in those plantations?

Mr. HAWLEY. I suppose fifty people, or possibly a hundred; I do not know. I do not really know how many stockholders there are, because the stock has been indiscriminately sold.

Mr. RUSSELL. Is there distress in the island of Cuba?

Mr. HAWLEY. There is very serious distress.

Mr. RUSSELL. Among whom?

Mr. HAWLEY. You are speaking as to the sugar condition?

Mr. RUSSELL. I am speaking of distress in the island of Cuba.

Mr. HAWLEY. I think the distress is largely among the people who, possessed of enterprise, have resumed their business there since the war, who are undertaking to develop the conditions that existed before that time.

Mr. RUSSELL. Is labor employed there?

Mr. HAWLEY. It is.

Mr. RUSSELL. Can labor find full employment?

Mr. HAWLEY. It has employment at present.

Mr. RUSSELL. At good wages?

Mr. HAWLEY. At good wages; yes.

Mr. RUSSELL. And the distress is the apprehension that capital will not get its due reward for the enterprise it is undertaking?

Mr. HAWLEY. The distress is capital is not getting any reward on the enterprise it is undertaking. On the other hand, it is to-day losing money.

Mr. DALZELL. Has the interest you have there been recently acquired?

Mr. HAWLEY. It has been recently acquired; yes.

The CHAIRMAN. Would a rise of half a cent a pound in the market price of sugar in the world remove all this distress?

Mr. HAWLEY. An advance of half a cent a pound above present prices would cause, naturally, a great difference in the present situation. It would not, however, if the price should increase over the present value of sugar to that extent, make the business especially inviting as a new investment.

The CHAIRMAN. It would save a loss on this year's crop, would it not?

Mr. HAWLEY. I think a half cent a pound would just about make the planter whole.

The CHAIRMAN. And give him a profit?

Mr. HAWLEY. It would give certain individuals a profit, and all, naturally, some relief.

The CHAIRMAN. Were you engaged in sugar planting in the United States at any time?

Mr. HAWLEY. I was and am.

The CHAIRMAN. And will you state for how many years?

Mr. HAWLEY. Fifteen or eighteen years.

The CHAIRMAN. In Louisiana?

Mr. HAWLEY. In Louisiana; yes, sir.

The CHAIRMAN. And what does it cost to produce 96-degree sugar in Louisiana?

Mr. HAWLEY. It depends very largely, Mr. Chairman, on the land, the extent in which you are doing business, and the management.

The CHAIRMAN. We will take good conditions and a well-managed factory.

Mr. HAWLEY. I think the statement made here that anything less than $3\frac{1}{2}$ cents leaves the planter without much interest in the matter is true. I think $3\frac{1}{2}$ cents is necessary to make him feel he has any special interest in it.

The CHAIRMAN. That gives him a fair profit?

Mr. HAWLEY. It gives him some profit, but he would have to conduct his business under favorable conditions to have a profit at this figure.

Mr. RUSSELL. When these enterprises were undertaken or renewed, was it with the anticipation that there must be freer tariff relations between the United States and Cuba?

Mr. HAWLEY. Do you speak especially of my interest in it?

Mr. RUSSELL. You said the suffering in Cuba was on the part of those who had undertaken to reestablish their industries there.

Mr. HAWLEY. I think the industry was unquestionably, and is unquestionably there now, on the general proposition that there will be closer relations with the United States. That is one view; the other view is that there are large quantities of property there which belongs to men who have no option in the matter, who had to take their chances with respect to trade relations with the United States and with respect to the market, as to whether the prices would be normal or not, and with that before them they proceeded to develop their property.

Mr. RUSSELL. Is there distress in the tobacco industry?

Mr. HAWLEY. I do not know, Mr. Russell. I am not familiar with it. I have been so much concerned about the sugar industry that I have not paid very much attention to other industries.

Mr. RUSSELL. As a matter of fact, that is the one thing, and the only thing, that Cuba is concerned about?

Mr. HAWLEY. I can not say that, because I think there are other industries in Cuba which are of very serious concern; but I am not familiar with them.

Mr. TAWNEY. Mr. Hawley, is Mr. Havemeyer connected with your plantations there in Cuba?

Mr. HAWLEY. Not that I know of.

Mr. TAWNEY. It was so stated here the other day.

Mr. HAWLEY. Then they are better informed than I am. But, speak.

ing of Mr. Havemeyer, I would be gratified to have him and his great ability a part of our enterprise.

Mr. LONG. Are you at present engaged in the production of sugar in Louisiana?

Mr. HAWLEY. I am.

Mr. LONG. To what extent?

Mr. HAWLEY. My investment there is larger than it is in Cuba.

Mr. RUSSELL. And you do not feel that your interest would be injured by anything which might be done to help Cuba?

Mr. HAWLEY. The proposition is one that I have often thought of, and, as the trend of my statements here show, we owe an obligation to Cuba which can be discharged in fairness and honor, and preserve the industry in the United States.

No people on earth have devoted more earnest, intelligent enterprise to the development of an industry than Louisiana, and it seems to me at times none have been rewarded with poorer returns. That has been my feeling and experience.

Mr. RUSSELL. You have an opinion as to whether a concession to Cuba would injure Louisiana?

Mr. HAWLEY. That matter has been generally gone over. I do not believe that a concession to Cuba in moderation will be injurious to Louisiana. On the other hand, I think that in view of the present condition of affairs it will be beneficial to the whole domestic industry in this country.

Mr. RUSSELL. It might hurt Louisiana sugar production?

Mr. HAWLEY. That would depend on what your reduction was somewhat; it would depend on the development of the industry in Cuba.

The CHAIRMAN. In your judgment how much reduction could Louisiana stand?

Mr. HAWLEY. Forty per cent. I do not know how much we could stand, and it would depend on—

The CHAIRMAN. How much would be safe, in view of the Louisiana interests; how much would it be safe to make?

Mr. HAWLEY. I would like to appeal to the intelligence of this committee as understanding that question, collectively, better than I; but answering you as nearly as I can, I think that the safest course that can be taken, for the industry in Louisiana and the beet-root people both, would be to grant a generous recession of the duty now applied to Cuban products.

Mr. ROBERTSON. Why?

Mr. HAWLEY. I went over that very fully. You know why I thought so.

Mr. RUSSELL. I would like to have you answer the gentleman's question.

Mr. HAWLEY. Because I feel that the present attitude of the European producer and the present relations of the sugar trade of the world will bring us to a condition, unless we take steps now to control the property that will produce the sugar for the American people, that will destroy speedily the entire industry of Louisiana. Europe is determined on this course. The United States alone, and through Cuban development alone, can compel abandonment of this European policy.

Mr. ROBERTSON. One of the gentlemen who was here stated, and I think he stated also that you thought, that the low prices of sugar were only temporary.

Mr. HAWLEY. I do not know what that has to do with your former question.

Mr. ROBERTSON. It has a great deal. I supposed you intended to say, as you told me in a private conversation the other day—

Mr. HAWLEY. There is no conversation that we have had that I would consider private.

Mr. ROBERTSON. I think you told me the other day that you had some property in Louisiana, and you stated to somebody that you would not sell it to a friend, or some one stated—

Mr. HAWLEY. I thought you said I stated it to you.

Mr. ROBERTSON. Our conversation was about on the same line.

Mr. HAWLEY. I did not say such a thing to you or anybody else.

Mr. ROBERTSON. I do not know what you stated to anybody else, but I know what you stated to me, and the whole trend of your conversation was that the value of property in Louisiana would be destroyed by free sugar with Cuba. I was left under that impression.

Mr. HAWLEY. It was only an impression, and I do not think in any conversation we have discussed this with reference to free sugar for Cuba.

Mr. ROBERTSON. I do not know about that exact point, whether it was free sugar or not. But on any concession we might make to you gentlemen in Cuba.

Mr. HAWLEY. On that point I am here to give the committee such information as I have, and to discuss these matters as I see them. Of course if there is any contrary view I am hardly responsible for it.

Mr. ROBERTSON. If we had free sugar, do you not think it would destroy the sugar industry in Louisiana? You have property there. What would be the effect on that property if we passed a proposition giving free sugar for Cuba?

Mr. HAWLEY. It seems to me the result of free sugar would bring the price to a lower level.

Mr. ROBERTSON. Do you think the industry could then exist in Louisiana and in the United States?

Mr. HAWLEY. I do not know, and I do not think you know.

Mr. ROBERTSON. I do not.

Mr. HAWLEY. I do not think any man knows. We are consuming two and one-half million tons of sugar, and the question of how much sugar Cuba will produce must be resolved by labor alone, and there are not enough people there making sugar to produce perhaps more than a million tons; and in view of the large amount of sugar we are consuming, which consumption is constantly increasing, there is not a man that lives who can tell what its effect will be. I do know, and every other man knows, that the present condition is abnormal and that under conditions where the world would be interested in the product and where men would risk the enterprise for the returns in it that we would have much higher prices here and everywhere than now. You probably do not remember it, but in 1892-93, with the markets of the world pouring their sugar in here free, the price was not lower than to-day, with 1.6875 tariff.

Mr. ROBERTSON. What do you think would be the value of your property in Louisiana as a sugar plantation if we had free sugar in Cuba?

Mr. HAWLEY. In the discussion of this subject a few days ago Governor Warmouth (and no more intelligent judge could have stated the existing condition) said that capital is terrorized. But capital is always terrorized under conditions of panic, and panic exists in the sugar world with respect to its comparative price between its cost and its market. And what the effect would be on property in Louisiana to say that there should be free sugar from Cuba would result, I think, in

capital being still more terrorized. I do not think they would feel that it had any value.

Mr. ROBERTSON. Then it would absolutely destroy its value, you think? That is your judgment of the effect it would have?

Mr. HAWLEY. It would not necessarily destroy the industry because it destroyed its value in the estimation of capitalists.

Mr. ROBERTSON. You say that all labor is employed in Cuba?

Mr. HAWLEY. Yes; all that seek employment.

Mr. ROBERTSON. And the only question now confronting the development of the industry is the question of labor?

Mr. HAWLEY. I do not think I said that.

Mr. ROBERTSON. I thought you did state it.

Mr. HAWLEY. Let me state it again, so you will have a proper apprehension of it. I stated that the question of the development of the sugar industry in Cuba must be resolved with respect to labor, and that was the significant question as to how much sugar would be produced in Cuba within a given time.

Mr. ROBERTSON. Then it is a question of labor?

Mr. HAWLEY. Every industrial product is a question of labor.

Mr. ROBERTSON. Can you resolve the people of Cuba into a sufficient class of laborers to meet the increased demand for the development of the industry in Cuba?

Mr. HAWLEY. Do you mean—what labor of Cuba?

Mr. ROBERTSON. Could it be utilized for further development?

Mr. HAWLEY. It could as far as its numbers go.

Mr. ROBERTSON. Would that develop the sugar industry?

Mr. HAWLEY. It would if the people are there.

Mr. ROBERTSON. Therefore they could not do it; you must import labor, therefore, to develop the sugar industry in Cuba?

Mr. HAWLEY. I think probably there is enough labor to increase the present output somewhat.

Mr. ROBERTSON. I am not speaking of the present crop; I am speaking of the future.

Mr. HAWLEY. That would apply to the future development.

Mr. ROBERTSON. In order, therefore, to develop the future sugar industry in Cuba you must import labor or you must get it somewhere else?

Mr. HAWLEY. Yes, if you want—

Mr. ROBERTSON. If that be true, do you not bring those people in competition with those that are already there?

Mr. HAWLEY. If you import labor you bring them in competition with the labor already there, certainly.

Mr. ROBERTSON. Certainly; that is all right. You will have to import labor to develop the industry.

Mr. HAWLEY. I do not know; labor may come in in great numbers or not, as the industry thrives, in which case all labor must likewise thrive.

Mr. ROBERTSON. It will be labor in competition with the Cuban people who are supplying the demand so far as they can—that is, I mean the occupation offered them on the sugar plantations has given all of them labor who can work.

Mr. HAWLEY. Yes.

Mr. ROBERTSON. And anybody who comes there will be a competitor in the field of labor, and as all these people are now employed, how can they be distressed and starving?

Mr. HAWLEY. Who has said they are?

Mr. ROBERTSON. There is a cry here coming from Cuba practically to that effect. I have a statement here from Willett & Gray's Journal of January 25. They say here:

All thoughts, all expectancies, are turned toward your country as the only quarter wherefrom can come the word that can dispel all this painful suspense. Will it be uttered in time? Let us hope it will, otherwise the humane work of the American intervention will not be completed, but, on the contrary, all the ground gained in the restoration of order and confidence in Cuba will be lost. Values are much under the cost of production, and not a few planters will be unable to stand it. Laborers will then be turned loose, and stealing and killing of cattle will begin with little likelihood of its being effectually suppressed, as with the disorganization of public wealth will come the disorganization of governmental services.

As I understand it, you have increased the production of sugar 300 per cent in three years, and all the laborers are employed there now, and every one of them have sufficient employment. We have good wages, and I want to know where the starving end of this thing comes and where the serious situation lies, where it is located.

Mr. HAWLEY. I will try to answer you.

Mr. ROBERTSON. I hope you will; I want to know.

Mr. HAWLEY. In the first place, you doubtless know, as one long associated with sugar planting in Louisiana, that you can not plant a sugar field as you can a cornfield or a tomato patch. It takes quite a time to plant in Louisiana and a longer time in Cuba because of the seasons there.

When the present conditions were being prepared, the price of sugar was normal and men could invest their money with a reasonable hope of some return for it. Now the world is flooded with sugar, the price is very low, and the capital which invested in sugar enterprises in Cuba is, as it is everywhere else in the world, alarmed, and that capital will not, unless sustained by the industry itself, renew the investments in sugar, it will not expend it, it will scarcely care for that which exists already. And out of that condition will of course come the abandonment of any further enterprise in sugar, and the employment of labor will cease. Men will be without the wages they get now and through which alone they can have the means of living. That is the statement of the present and prospective industrial situation in Cuba, and the question which the people must now decide is, Shall we draw Cuba and her vast resources to ourselves and open her markets for the products of our factories and fields or maintain the present exclusion act against her and give over our market to European sugars and the Cuban market to European manufacturers?

STATEMENT OF MR. WILLIAM L. BASS,

American cane-sugar planter, of the Dominican Republic, West Indies.

Mr. Chairman and gentlemen of the Ways and Means Committee, to the best of my understanding the object of this hearing is to determine, from such sources of information as appear before this body, upon the propriety of affording some reduction in the import duties of this country upon Cuban products, this being instigated by a recommendation of the President to provide such means as lie within the legislative possibilities of Congress to assist the industrial and political interests of Cuba.

I believe that it is the intention of the Administration to help Cuba correctly, if possible. Cuba does not require any help. She requires forcible guidance. Surely the President could not have contemplated a charitable lopping off of the American tariff if it were to prove dis-

astrous to any American industry. Cuba is to-day a minor among nations and not free to contract, therefore there can be no reciprocity.

The task assumed by the American people when they intervened in the interests of Cuba was to establish such conditions as the people of the United States deemed essential for the orderly carrying on of enterprises, the maintenance of self-government, and the peaceful pursuit of life, liberty, and happiness. In other words, to install in Cuba a civilization compatible with the American ideas of self-government—a civilization developed by the adoption of institutions which have been productive of creating in the course of one hundred and twenty-five years the United States of North America in contrast to the group of alleged Republics in the South American Continent.

With all respect due to the understanding of the gentlemen present, permit me to call your attention to a very simple fact.

It is the feature of providing the funds with which to maintain all of our local public institutions from immediate or local taxation.

Throughout this vast country, every town, city, county, and State is supported without any customs revenue.

Our Federal Government is supported by the national customs and its internal revenue.

I ask you to picture to yourselves what would be the status of the civilization in this great country of ours, if throughout the length and breadth of the land there were no other means provided for the support of all public institutions than the Federal Government's customs revenue.

If you can conceive of such a condition you will have the best understanding that lies within my power to present to you of what constitutes a modern Latin republic.

As an American, I hope that this great nation shall not commit the mistake of creating one more Latin republic, the same as those that already exist.

Cubans can not take any offense at my assertions regarding the lack of modern institutions in Latin republics, for Cuba is not as yet a Latin republic.

However blessed by a kind Providence, unless the present American guardianship establishes an unalterable system of local internal taxation prior to granting the island its majority, it will revert to the identical conditions that are exemplified upon the neighboring island which is occupied by the Republics of Santo Domingo and of Haiti.

Gentlemen of the United States Congress, do you know what those two names imply?

Napoleon in his time defined for to-day the Republic of Haiti, "Haiti, Haiti, pays du babare."

Regarding Haiti, it can not be necessary for me to enlarge upon that little blot in the Western Hemisphere, where a white man is to-day unwelcome.

On the other side of the island is the Dominican Republic. As its friend I can indicate to you its deplorable condition that you may understand the extremes to which a Latin republic can be brought. It lies a helpless community, between Porto Rico and your ward, Cuba, cursed by conditions which are no fault of its present inhabitants, for they inherited them. That country, the cleanest from an economic and political standpoint of any of the Latin-American republics, is in a most desperate plight. It has simply reached the end of an existence without internal percentage taxes. Every man in that community recognizes the urgent necessity to reciprocally barter a

material portion of its custom tariff in return for a like grant on the part of the United States.

This country is the exclusive market for the disposition of its products as well as the acquisition of its necessities. This Latin republic has relied upon import and export duties, and thus choked its exporting industries and curtailed its importing revenues until the already high rates of custom charges are insufficient by half for the support of its puny government. Under the circumstances, there are no public roads, no public schools, no local police, no public institutions of whatever nature. A mortgage is an invalid document by virtue of the judicial tolerance of a friendly receiver's account, known in Spanish by the term "Cuenta de Refaccionista." The responsibility of contract is of a dubious nature. They have no trial by jury. These and the many institutions so familiar to you gentlemen and your constituents that no heed is currently given to them are lacking. Are they not important factors for consideration when examining the status of the civilization of any country?

I trust that what has been indicated to the gentlemen of this committee will prompt them to recognize the propriety of the indication that the greatest benefit that this nation can bestow upon Cuba is to install upon the island a system of local percentage taxation upon real estate.

This is a measure which can only be effected by the might of the United States Federal Government. It will never be assumed by the people of the island, the promises of their representatives to the contrary notwithstanding.

It may seem strange that I should have the temerity to stand before this body and prophesy as to what the future of Cuba will be. When the farmer in the northern part of this country plants winter wheat he knows that from that seed tropical rice will not grow.

When in semitropical Louisiana sugar cane is planted they do not expect New Hampshire sugar-maple trees.

So it is with the human elements that to-day occupy the island of Cuba and which to-morrow, as a Latin republic, will form its citizenship.

The people on the island of Cuba and the island of Haiti are the same if left to themselves.

With all due respect to the colored, the mixed, and the white population of these islands, it can be affirmed that these three elements agree in social, industrial, and religious matters. In politics no instance is on record where they have been able to arrive at a temporary accord as to the distribution of political patronage, except when dominated by the hand of some military dictator.

If local taxes are not permanently fixed upon the community prior to its being liberated as a free state liberation should never take place. Otherwise annexation will ultimately be affected, instigated by that very hell which the nonpolitical element of Cuba acknowledge they will be called upon to pass through. The community from which I hail is now experiencing such a transition.

If internal percentage taxes are not to be forced upon Cuba prior to its liberation, then may it never be free.

Let the United States retain its present guardianship until commercial envy prompts its political agitators to recognize that there will be no pickings from its industrial resources, until the inhabitants agree that if the people of Cuba are to enjoy the commercial desserts which correspond to this great nation they must of their own volition either adopt internal taxation and barter their customs reciprocally to the United States or seek annexation.

Permit me to attempt to indicate how a charitable reduction of the United States customs in favor of Cuban products would but add, at an early date, to the embarrassment of the Cuban people.

As a Latin republic the authorities will find themselves dependent upon their customs and unable to apply internal local taxes. It will not matter how urgent reciprocal international tariff exemptions may be required.

Every inhabitant of a Latin country believes that if such as are engaged in carrying on the government desire any funds they should get them from the custom-houses and not tax the individual or his holdings.

A Latin's idea of liberty is an absence of all direct taxes and a berth in the custom-house. Compare this with an American's idea of liberty.

The Cuban soil is as rich as any in the world. The mechanical equipment of the island is by no means antiquated. The volume of its productions, consumed within the island and exported, under existing conditions is greater per capita than any other tropical portion of the earth.

To grant to the proprietor of a Cuban cane-sugar factory the privilege of importing his products into this country, paying 25 per cent less import duty than others, will not benefit anybody directly, except the planter, and, indirectly, a hungry custom officialdom. [See Note I.]

To grant them 50 per cent is simply providing the conditions for an abnormal development of the island's sugar industry, which must bring about local labor problems and the annihilation of Louisiana and American beet-sugar production. [See Note II.]

Primarily, a 25 per cent discrimination in favor of Cuban products will create an abnormal volume of imports and prompt the authorities to rely the more upon the customs and to incline less to adopt, of their own volition, local percentage taxation.

This they will ultimately have to assume, for the troubles of all our Latin neighbors is that they are extremists in the matter of indirect taxation.

Later, while enjoying excessive custom-house charges, and with the engaging of the majority of the labor in the sugar industry, the community will become dependent upon imported food stuffs. At this stage the community will become more reluctant than ever to assume local percentage taxation, while the proprietors of the sugar estates will gradually be forced to relinquish a portion of such advantages as they enjoy, and there will be no alternative but to secure a further concession in American customs from the primary 25 per cent to 50 per cent, and by this means acquire a new lease of industrial life. Shortly a 75 per cent exemption will be in order.

While the Cubans will have thus been enjoying an exemption of American customs the Americans will have been paying abnormal import duties into Cuba. There will be no reciprocity attached to the proposition. As regards the internal affairs of the island, they will become hopelessly entangled.

This is not a prophetic picture, for it is the recording of the up-to-date history of a Latin republic, and United States consular representatives will support my assertions.

The most patriotic individuals in the Dominican Republic recognize that it is with them to-day a question of assuming internal percentage taxation or being annexed to the United States.

With the American flag over any purely tropical cane-sugar estate one can produce a pound of sugar, under any circumstances for less than in the semitropical State of Louisiana or beet in any of the States.

Every tropical sugar planter considers $2\frac{1}{2}$ cents a pound for an unrefined sugar, which would be acceptable on any American table, as a bonanza price. The Cuban cane-sugar planters will attest to the truth of this assertion, and the Louisiana and beet sugar interests may well consider it.

The remedy for the Cuban sugar planters' alleged ills lies within his own ready means. The Cuban factory owners have merely been engaged in competing with one another for cane, and when the market price of their product has fallen, instead of attempting to remedy their condition by any efforts along the lines of ceasing this competition, they have decided that the readiest course to pursue would be to appeal to American munificence.

The situation can be likened to a condition where in the same locality there are two tomato-canning factories, and these have been offering extreme inducements to the farmers for the tomatoes until the farmers are more than satisfied. Of a sudden, the market value of canned tomatoes having fallen, the proprietors of the canning factories, not having any State legislature where they may secure a bounty on canned tomatoes, entertain no reluctance to occupy the attention and time of the members of the Federal Government.

I can not better explain the situation without the use of the technical terms of the business of making sugar from tropical-grown sugar canes.

With these indications before you of what must inevitably occur, I beg that you will consider the propriety of recommending that at the earliest possible date percentage taxation upon real estate be applied and that no exception or special favor be extended Cuban products.

MR. LONG. Do you favor reciprocity between this country and Santo Domingo?

MR. BASS. I would prefer not to be questioned on Santo Domingo; I simply prefer to speak of this question before the committee.

MR. LONG. Do you prefer not to answer the question?

MR. BASS. Oh, I will be pleased to answer, if you desire me to. We are not in a position to ask reciprocity. We are so dependent on our customs that we can not talk reciprocity.

MR. LONG. What do you get for raw sugar in Santo Domingo?

MR. BASS. The last price before I left was 1.40; 3.5 flat, and the expenses were such that it netted me 1.40 every hundred pounds.

MR. LONG. Did you make any profit on that?

MR. BASS. No, sir; that is putting me out of business.

MR. LONG. Then you are in about the same condition as the Cuban planter, or are you better off than he, or worse?

MR. BASS. I am worse from local causes, sir.

MR. LONG. You are opposed to any relief to the Cubans in this way?

MR. BASS. I am, sir.

MR. LONG. Do you think he would get any of this reduction if we would make a reduction of 25 or 30 per cent?

MR. BASS. I have a very short note here in connection with that inquiry. My first note is on 25 per cent reduction, and my second is on 50 per cent reduction

NOTE I.—So long as unnecessary color restriction remains, the refining interests will not, under a 25 per cent favor to Cuban unrefined sugars, go to the trouble of cutting more than one-fourth of the 25 per cent favor from the price. No reduction will take place in the price of refined unless it be for the ends of industrial competition with the local beet refining interests.

The refiners' protection is not the duty, but the color restriction.

The duty, regardless of color restriction, is the protection for American sugar producers.

Mr. LONG. Suppose the reduction was 40 per cent, would you get any of that?

Mr. BASS. I have here Note II, which will answer that question:

With a 50 per cent reduction and color restrictions retained, the price of unrefined will be materially reduced and sufficient to prompt the refining interests to slightly reduce the price of refined for the purpose of wiping out such locally produced sugars as are made for direct consumption. Cuba is a free country, and with its soil, brains, and money that will not be lacking, and privileged to dispose of her sugar in a market of double value, can laugh at Germany's cartels.

ADDITIONAL REMARKS BY MR. LEAVITT.

Mr. LEAVITT. Mr. Hawley has impugned my motives in making an arraignment of the business methods of the sugar trust, and he has attempted to read into my words a veiled or implied reflection on the integrity and honor of this committee in order to prejudice in your minds my argument and the cause it seeks to uphold. I ask you, gentlemen, in simple justice to me and the cause I represent to examine the statements in question in my argument and determine to yourselves whether Mr. Hawley's argument is just or fair. I repudiate it entirely.

(Thereupon, at 5 o'clock p. m., the committee adjourned to meet at 10 o'clock a. m., January 25, 1902.)

COMMITTEE ON WAYS AND MEANS, *Saturday, January 25, 1902.*

The committee met at 10 o'clock a. m., pursuant to adjournment, Hon. Sereno E. Payne in the chair.

STATEMENT OF COL. T. H. BLISS, U. S. A.,

Collector of the port of Habana, Cuba.

[Tables submitted, see pp. 581, 583, 598.]

Colonel BLISS. Mr. Chairman, I would like to say, before I answer or attempt to answer any questions that the committee may have to put to me, that I disclaim very emphatically any suggestion that I am an expert on the question of sugar. I have been in Cuba now a little over three years, and all that I pretend to know on that subject is what any ordinarily intelligent observer, who has a little time left from the transaction of his ordinary daily business, can pick up.

I have never said, nor written anything, nor have I thought very much about the question that is now before the committee in respect to the effect that reciprocity may have upon the sugar industry of Cuba and the United States. The great interest it has had for me has grown out of my earnest hope that, if there is a serious difficulty existing in Cuba (and I think you will have to learn that mostly from other people), and if the United States is going to attempt to adjust it in any way, the adjustment will not be made except in such a way as to give to the United States the entire control of the trade of Cuba. It is in that part of the question alone that I have any deep interest, and in respect to which I can give anything that might be called expert testimony. Therefore, as I have said, I am here simply to answer such questions as the committee may ask that I can answer, and to say "I do not know" to all others.

The CHAIRMAN. Colonel Bliss, you have been acting as collector of customs in Habana, have you not?

Colonel BLISS. Yes, sir; for the last three years.

The CHAIRMAN. And of course your duties bring you more or less into a knowledge of the trade relations of the island of Cuba?

Colonel BLISS. Yes, sir.

The CHAIRMAN. In the first place, I would like to ask you what you may know about the condition of the sugar business and the sugar plantations in Cuba.

Colonel BLISS. In a general way, before attempting to say anything definite on that subject, there is no question in my mind that the general condition in regard to sugar plantations in Cuba is very serious. That impression is gained by talking with bankers and with merchants in the city of Habana principally, but also elsewhere in the island of Cuba, all of whose interests are centered in the success of the sugar industry. I suppose three-fourths of the people of the island of Cuba are directly or indirectly interested in the success of that industry; and upon their success depends the success of merchants and bankers. Therefore I think the opinion of those men is a very good guide to a general settlement of the question as to whether or not the sugar industry in Cuba is laboring under serious difficulties. They all of them tell me that it is; that the credit of the sugar planters, as a rule, is absolutely exhausted.

As an illustration of that, I may say, in connection with one paper that I have here, which was given to me by a Spanish planter, that I knew intimately the members of the principal banking house in Habana which for the last three generations has made one of the special parts of its business the loaning of money on sugar. I knew therefore that the members of that bank were intimately acquainted with the character, reputation for conservatism, ability in the management of their estates, etc., of pretty much all the planters in Cuba. I went to the senior partner and asked him to tell me about the gentleman who had given me certain information in respect to some seven or eight plantations in the district of Caibarién. He said to me, "He is one of the most conservative sugar planters in Cuba, with a reputation for very great executive and administrative ability;" and he said, "He is one of the very few men to whom we would lend money on sugar this year if we would lend it to anyone, which we will not do under any circumstances."

I mention that fact to confirm what I said in respect to the general impression that all of those men have in respect to the general condition.

The CHAIRMAN. Is that on account of the low price of sugar?

Mr. ROBERTSON. That is what I wanted to ask Colonel Bliss.

Colonel BLISS. Yes, sir.

The CHAIRMAN. Did these bankers loan money to the sugar planters last year on last year's crop?

Colonel BLISS. In a general way; yes, sir. It has been their business to lend money for the processes of manufacture of sugar, and also, when security is given, for the preceding expenses in the working of the plantation.

The CHAIRMAN. This money is secured on the crop itself, I suppose?

Colonel BLISS. On the crop; yes, sir. I so understand it. They do not want to get possession of land. They want to get the legal interest on their money and to get the capital back in due time. Now, they could lend money under such circumstances as would doubtless give them the possession of many sugar estates, which they do not want.

The CHAIRMAN. And if the price of sugar yields a profit, money, I suppose, is readily loaned on that security?

Colonel BLISS. Yes, sir.

The CHAIRMAN. But if it does not yield a profit the contrary is the case?

Colonel BLISS. Yes, sir. I referred to that fact to show that when the bankers of Habana, and also many merchants who are bankers and loaners of money in a small way, refuse to lend money, you can be very certain that whatever may be the exact relation between the cost of production of sugar and the price that it brings, it is such as not to give them any security in the loaning of money.

Mr. DALZELL. What is the prevailing rate of interest paid on these loans?

Colonel BLISS. For anybody doing a legitimate business it is 12 per cent. I do not think any money is loaned now at that rate; but the officials of the bank to which I referred a moment ago told me that they had a great deal of money out that had been loaned in past years at 20 per cent.

The CHAIRMAN. Was that money at 20 per cent loaned on the sugar crop?

Colonel BLISS. Well, that has been loaned on sugar; but it has also been borrowed by planters on mortgages for the rehabilitation of their estates, putting in improved machinery, etc. A great deal of that, I fancy all of it, was before the last war—before even the insurrection began.

The CHAIRMAN. The planters were a good deal in debt at the close of the war, were they not, Colonel?

Colonel BLISS. Yes, sir. While I do not know the figures exactly, I think the last report of the secretary of agriculture in Cuba shows something like one hundred millions of indebtedness on the rural property, almost all, or practically all, of which is on sugar plantations. Whether that figure is correct or not, it is in the official record.

The CHAIRMAN. Was that at the close of the war or prior to the war?

Colonel BLISS. A great deal of it, I think, was prior to the war—I do not know how much of it, but undoubtedly a great deal of it.

The CHAIRMAN. Do you refer to the secretary of agriculture under the Spanish rule?

Colonel BLISS. No, sir; the present secretary of agriculture in Cuba.

Mr. LONG. In Cuba?

Colonel BLISS. In Cuba—Mr. Lacoste.

The CHAIRMAN. What is the estimated value of the sugar plantations?

Colonel BLISS. That I do not know, sir. I have heard it placed at \$200,000,000, but I have no—

The CHAIRMAN. I did not know but that this same report of the secretary of agriculture showed that.

Colonel BLISS. It is possible that it does. I have not a copy of it with me.

The CHAIRMAN. Now, Colonel, you spoke of the advantages that might be obtained in the way of Cuban trade with the United States. What have you to say in regard to that? In the first place, the tariff on imports into Cuba is a very low ad valorem tariff, is it not?

Colonel BLISS. I have seen it stated by one of the gentlemen who appeared before this committee, I think Mr. Placé, that it was 33 per cent; but I think that is entirely too high. As he will admit, deducting from the customs collections everything except import duties proper, you have about \$14,000,000 of import duties collected during

this last calendar year, and practically the same during the fiscal year that ended on June 30. That, in relation to the total value of the importations, about \$65,000,000, would give about 21½ per cent as the average ad valorem rate of duty.

The CHAIRMAN. Now, can you tell us what the ad valorem rate is on cotton goods, for instance—manufactured cotton?

Colonel BLISS. As an actual fact, it is a specific duty. The specific duty, converted into an ad valorem on the various forms of cotton, would vary from about 20 to about 48 per cent.

The CHAIRMAN. Can you tell about what the average would be? You have the figures there, have you not?

Colonel BLISS. Yes, sir; but not in such a way that I could answer that question exactly. I should say about 33 per cent.

The CHAIRMAN. Colonel, what are the papers you have there?

Colonel BLISS. The ones that I have in my hand are memoranda prepared from data obtained from my office and printed in a newspaper in Habana about six weeks ago.

The CHAIRMAN. Have you a statement of the imports, the tariff collected, the rates, etc.?

Colonel BLISS. Yes, sir.

The CHAIRMAN. Can you hand it to the reporter, so that we can put it in our record?

Colonel BLISS. Yes, sir; I shall be glad to turn all these papers over to the reporter if it is so desired. (See Appendix, pages 581, 583, 598.)

Mr. LONG. What time does it cover?

Colonel BLISS. It covers the last fiscal year.

The CHAIRMAN. When was the present tariff fixed, Colonel Bliss?

Colonel BLISS. In its main features it was fixed somewhere about the month of October of 1898, I should say, by Mr. Porter, who was the special commissioner of the President in Cuba for that purpose.

The CHAIRMAN. Was that the first readjustment of the tariff since the close of the war?

Colonel BLISS. Yes, sir; then it was modified, a year later, in some minor respects, to meet objections that had been urged against the operation of the tariff during the preceding year. Since then there has been no change, except one that was made last October in relation to machinery for sugar plantations, railways, and agricultural machinery.

The CHAIRMAN. There was a large reduction on that class of articles, was there not?

Colonel BLISS. Yes, sir; they were all placed at 5 per cent ad valorem.

The CHAIRMAN. And those duties were imposed by us?

Colonel BLISS. Yes, sir. Now, in respect to the figures that I have here. Mr. Chairman, if you will give me just one moment I will explain to the committee their full meaning.

The CHAIRMAN. Certainly.

Colonel BLISS. These papers were prepared to show the relation between the trade of the United States, as compared with that of all other countries, and the total import trade of the island of Cuba, showing what it was that the United States did not get. They contain a suggestion which it was hoped might fit in with whatever solution Congress might arrive at as to a concession, if it gave any concession. The suggestion relates to a modification of certain of the tariff schedules, which would throw into the hands of the United States that part of the trade which thus far they have not got and can not get as long as the tariff remains as it is. These tabulated statements and others that may be submitted to you are merely suggestive. I offer them on my

own responsibility as being answers in a general way to the important question, What can Cuba give us in return for anything we may do for her? In return for adequate assistance Cuba will gladly give all the trade which I have here indicated, and she will give it in any form that the United States may desire.

In these tables is given the total value of the importations during the fiscal year ending June 30, 1901, which amounted to \$66,167,645. The United States furnished out of that amount goods to the value of \$28,475,000 and the rest of the world \$37,692,643 worth of merchandise.

Mr. RUSSELL. Does that include the importations for Government purposes?

Colonel BLISS. No, sir; they are excluded.

Mr. TAWNEY. Does your paper show the character of our imports and what they are?

Colonel BLISS. Yes, sir.

In the table all of those items in respect to which the United States have no competition whatever are omitted. For instance, the United States have a monopoly in fresh beef, pork, eggs, flour, coal, coal oil, machinery, railroad iron, and a number of other articles of importation.

Mr. METCALF. Do you give the total of those products taken into Cuba from the United States?

Colonel BLISS. I have given the total coming from the United States and taken from other countries; yes, sir.

I say that the United States has practically no competition in machinery. There is a considerable sum of money, considered by itself, which is expended in Cuba in machinery from other countries, all of which unquestionably can come from the United States, and the fact that it does not is to be accounted for largely by other considerations than the invoice price. For instance, a great deal of the machinery which comes is naturally connected with sugar plantations. A great deal of that machinery has been purchased abroad in years gone by, much of it in Belgium and much of it in England.

All of this machinery involves the constant replacement of broken parts, broken in the course of a season's work, for which the planter, if he is wise, has spare parts on hand. Now, those spare parts can be manufactured much cheaper at the place where the original machinery was built, where all the patterns exist, than in the United States; and until the United States shall have supplied pretty much all of the machinery in the sugarhouses in Cuba, a great deal of the repair parts will come from abroad, for the reason I have just given. Most of the new machinery, however, is produced in the United States.

The CHAIRMAN. I was just going to ask if we sold them new machinery.

Colonel BLISS. Yes, sir. It is the same way with railroad material. All the railroads, as you know, are under English management, and I have no doubt there is a tendency to go to England for supplies for them, all other things being equal. I do not think, however, that any of them would buy in a foreign market anything they wanted which they could get cheaper in the United States.

I understand that Sir William Van Horn's road has made a contract for something like 30,000 tons of steel rails in England; but I am also informed that that is because his great anxiety has been to complete his road before the relinquishment of American control in the island; by dividing his orders he can have his material delivered more promptly.

Mr. McCLELLAN. Will that be accomplished? Will he have it finished by that time?

Colonel BLISS. He told me only a few days ago that he would have the rails connected between Santa Clara and Santiago, which gives through connection to Habana, on the 15th of May. He has pretty much all of his machinery there, but he made this contract for the purpose of supplying the material as quickly as possible.

The list of articles which I gave a moment ago as being those in respect to which the United States control the trade, is more than counterbalanced by another list of some ninety important articles of common importation, in which other countries than the United States have much the larger part of the trade. You will see that these other countries control the trade in cattle, rice, wines, olive oil, salt, preserved fruits, dried beef, cottons, linens, woollens, silk, shoes, hats, and a number of other articles of large consumption.

These articles are grouped under one or another of the six main schedules of the Cuban tariff in which they are classified for duty. You will see that all of these articles are produced in the United States and could be supplied by that country, but which are not exported by that country to Cuba because they can not compete in the markets of the island with the cheaper productions from other countries. In five out of the six classes here presented you will see that the United States are far behind the rest of the world. In one class alone they lead by a small difference. Yet in all these classes the United States could, under a proper reciprocal arrangement, supply the demand of Cuba, present and future, and such an arrangement ought to be made. The trade in all these articles will go to the United States provided there is such a differential in their favor as will make it cheaper to get them there than to get them elsewhere in the world.

The total value of the articles imported under these six classes is \$45,322,942. Of this amount \$10,360,841 represents the value of imports into Cuba from the United States, or nearly 23 per cent; the remainder, \$34,962,101, or more than 77 per cent, represents what ought to have come from the United States, but which in reality came from "all other countries."

The remaining part, viz, \$20,844,700, of the total value of Cuban importation during the last fiscal year is not tabulated here, because, as I have already said, the United States already control this part of the trade, and can continue to do so even under present tariff conditions. Of this remaining part the United States secured during the year \$18,114,160, or 86 per cent.

Thus, a tariff arrangement that would give the United States the control of the trade tabulated under the six classes here given would enable her to control at least 86 per cent of the entire inward trade of Cuba. This, on the basis of last year's figures, would have made their export trade to Cuba amount to \$56,904,000, or just double what it actually was.

I know of no other way of securing to the United States the trade which she does not now have, than by putting into force a "maximum and minimum" tariff—that is, giving preferential duties to the products of the United States. This is what Spain did for herself, and under that system she secured 90 per cent of the Cuban import trade. The preferentials which Spain took for herself varied from one-fourth to one-half the duties exacted from products of other countries. Thus, assume any article which paid duty at a rate equivalent to 40 per cent ad valorem. If this article came to Cuba from any country other than Spain and in a vessel not under the Spanish flag, it paid the full rate of 40 per cent ad valorem; if it came from such foreign country, but in

a Spanish ship, it paid 35 per cent; if it came from Spain, but under another flag—such as English or German—it paid 30 per cent; but if it came from Spain and in a Spanish ship it paid only at the rate of 20 per cent ad valorem.

The application of this principle, in some form, would not only give to the United States the trade which now goes elsewhere, but would give them the carrying trade as well.

Mr. RICHARDSON. The maximum of reduction, then, was 50 per cent, Colonel Bliss?

Colonel BLISS. The maximum was about that. It varied in some cases.

Mr. RICHARDSON. Would that same rate, in your opinion, give the United States the entire trade?

Colonel BLISS. I think less than that would give them a large part of the trade.

Mr. RICHARDSON. How much less?

Colonel BLISS. I think 33 $\frac{1}{3}$ per cent would do it.

Mr. RICHARDSON. As a maximum?

Colonel BLISS. On an average, through this schedule of ninety classes of articles. The tabulated statement which I have^a here gives columns showing the trade which the United States now has and the trade which all the rest of the world has under a given paragraph of the tariff. A rate of duty which gave to the United States an advantage of 33 $\frac{1}{3}$ per cent as against all the world, most of it being much less than the corresponding rate under the Spanish tariff, would, in my opinion—but of course that would have to be carefully verified by experts on the subject—throw the larger part of the trade which you do not now have into the hands of the United States. There are some cases where it would not do that. A second tabular statement which I have here, and, which, like the other one, is merely suggestive, indicates how the duty under each paragraph can be so modified as to secure to the United States all the trade.

Mr. RICHARDSON. If a reduction is made, do you think it should be a horizontal reduction, or would you have it graded?

Colonel BLISS. It depends on the conditions that are to be imposed. When I began to study this subject I was informed that there must be no reduction in the Cuban revenue. If that condition is to hold, the only way to accomplish the desired object is to carefully scrutinize each paragraph of the Cuban tariff with a view to determining (1) whether the United States already control the trade under it and can continue to control it; (2) if the United States have not the trade under a given paragraph, can they immediately get it by a suitable differential; (3) does the trade under a given paragraph cover articles that the United States do not now supply, but can supply in the near future if assured a market; (4) does the trade under a given paragraph cover articles that the United States can not hope to supply, with the result that any advance in the present duties would only bear the harder on the Cuban consumer; (5) is it possible, by raising the duty on an article which the United States can not hope to supply, to induce the Cuban consumer to buy some other similar article which the United States can supply; (6) in all cases, to take the greatest care to give the minimum differential necessary to accomplish the purpose.

In that way a tariff could be prepared by Cuba that would give the United States the trade which they desire, and to which they are enti-

^aSee Appendix, pp. 581, 583, 598.

tled if they make any concession to Cuba, and which at the same time would not reduce the Cuban revenue and would impose the minimum hardship on the Cuban consumer.

Mr. NEWLANDS. You mean the total receipts will be the same?

Colonel BLISS. The total receipts in Cuba will be same.

The CHAIRMAN. If the minimum duty on goods coming from the United States was the same as the minimum duties charged now to those countries from which these goods are imported, the revenue would be the same, would it not?

Colonel BLISS. If the duty charged on products from the United States was the same as now, yes, sir; it would transfer the trade from other countries to the United States, and the products of that country would continue paying the same duty that those articles would pay now, coming, as they now do, from Europe or elsewhere in the world.

The CHAIRMAN. And in order to secure this trade, it would be necessary to inaugurate a new system of tariff for Cuba, under which the minimum duty would be equal to the duty charged now, while the maximum—

Colonel BLISS (interrupting). Would be, perhaps, about 33½ per cent higher. In some cases it need not be that high, while in others it would have to be higher.

The CHAIRMAN. Sufficiently advanced, in other words, to give the trade to the United States?

Colonel BLISS. Yes, sir. And there are many people who think that the result of this concession, if any should be made, would be to restore better conditions in Cuba, resulting in more importations. I have not any doubt—although I do not think anybody could prophesy as to the exact figures—that it would increase the importations to such an extent that, while the differential would have to be maintained, the increase in customs revenue would permit the actual rates of duty to be lowered.

The CHAIRMAN. Now, have you proposed a schedule in your papers that carries out that theory?

Colonel BLISS. Yes, sir; but it is a mere suggestion. I do not propose to commit myself to it until an expert examination of the details should prove that it would accomplish what is desired. As I have already said, I have here two statements which suggest two of the various ways of looking at the subject, one showing a straight differential of 33½ per cent, and the other a varying differential. The latter one I have submitted to the Department, merely for the purpose of showing the present distribution of trade, and also what seemed to me must be general lines on which Cuba would have to construct her tariff if she wished to give the trade to the United States and at the same time maintain her present revenue.

Mr. METCALF. Will you not say which department? Which department do you mean?

Colonel BLISS. The War Department. To be more accurate, I submitted this statement to the military governor for his information, and he sent it to Washington. It represents merely my own views.*

Mr. TAWNEY. Is the matter of price the only factor which determines the market in which the Cuban makes his purchases?

Colonel BLISS. Not altogether, but I should say very largely so. All of the importations are made by Spanish importers, and I do not know any of them who would pay the fraction of a cent more to get a thing from Spain than he would have to pay for the same thing if he could

* See Appendix, pp. 581, 583, 598.

get it from New York. But there are certain qualities of things required in the Cuban trade which are not made at all in the United States, and I do not suppose will ever be made there, unless the demand in Cuba is forced to go to the United States. For instance, there is a trade in Spanish shoes, which constitute a very large importation in Cuba. I am perfectly certain, although I am not an expert in that business, that such a thing is not made and never has been made in the United States, and that they could not supply that trade, nor would they think of it.

Mr. RICHARDSON. The manufacturers of the United States could make it, could they not?

Colonel BLISS. They could make it, unquestionably; but they never would think of it unless such a differential were given as to make these people go to the United States and ask them to make it. The same is true of Spanish wine and certain things like that.

Mr. TAWNEY. What effort has Germany recently made in Cuba to acquire or obtain a larger percentage of the Cuban trade?

Colonel BLISS. I do not know of any special effort that Germany as a nation has made, but Cuba is filled with German travelers.

Mr. TAWNEY. I mean the merchants in Germany.

Colonel BLISS. Only in the way that Germany and England and France and Spain are all represented by commercial travelers pushing their merchandise and taking orders that I am told the manufacturers in the United States will refuse to take. For instance, you know the duty on such articles as cotton goods (which constitute a very important item of importation into Cuba) depends on the relative weight of a given quantity and measurement of cloth, and the number of threads. If the weight varies a small fraction, or if the threads vary a small fraction, merchandise which has been imported by the importer, believing that it would pay a duty under, we will say, paragraph 114-C, pays a duty under paragraph 114-D, at perhaps an increase of one-third, and he refuses to take it. But that importer can go to any mill, as I am told by them, in England or in France or in Germany or Spain and ask them, "Will you take an order for 50,000 or 100,000 meters of this cloth, and guarantee to me that when it reaches the Habana custom-house it will come within a fraction of a gram of weighing so much to a hundred meters, and will have exactly so many threads; otherwise I will refuse to accept it?" They will take that order, but I am told that no mill owner in the United States will do it.

I think that fact, together with the system of credits, largely accounts for the fact that trade with Cuba is so largely in European countries. They will sell on nine months' credit, while I am told that the United States shipper will give only thirty days. Therefore the importer sells on six months' credit to his own countrymen, and they in turn sell on three months' credit, and every man has his money in and a large profit (for you can be sure they charge large interest on the capital which is tied up in that way) before he pays the one from whom he has bought.

Mr. ROBERTSON. Colonel Bliss, in the year 1899 you were collector of the port of Habana, were you not?

Colonel BLISS. Yes, sir.

Mr. ROBERTSON. In your report to General Brooke of that year you made this statement, and it was along the line of the suggestions in your answer to the question of Mr. Tawney, I believe. I wish to read this to you, and then ask you if you have changed your conclusions?

In connection with the application to change the classification of or to remove or lessen the duties upon various articles of general use in the United States, with the object of increasing the importation of these articles into the island, I have sought

to direct attention to the fact that the existing rate of duty does not, as a rule, stand in the way of importations from the United States, and that even the removal of all duties whatsoever would give little or no encouragement to such importations. Many articles in common use in the United States are unsuitable to the physical conditions of this country, and many others find an almost insuperable barrier to their industries in the stubborn indisposition of the people to adopt new methods and improved material.

Mr. BLISS. I have changed my mind almost entirely in respect to that. That was the first report I made in Cuba.

The CHAIRMAN. When?

Colonel BLISS. In 1899, at the end of the first six months.

Mr. ROBERTSON. What were the reasons that changed your views upon that question?

Colonel BLISS. Simply a little wider intercourse with people engaged in business in the island of Cuba. I looked at it then from the point of view of a person newly arrived, and there is no question at all that taste, other things being equal, or anywhere nearly equal (and the difference in prices in many cases is not very decided), will undoubtedly control. A man who has drank Spanish wine all his life will continue to drink it if he can get it for about the same price he would have to pay for similar wine of different origin.

Mr. ROBERTSON. I do not think, however, that is the main reason why you made this report—simply as a matter of taste. That is the latter part of the report and seems to be the least important of all the statements made before.

Mr. METCALF. Then, following that up, Colonel, in the closing paragraph you say:

I do not look for much improvement in this condition until there shall be such an influx of foreigners as will carry to all parts of the island modern methods and modern tools and implements, and an entire change in native sentiment will be effected by mere force of example.

That is contained on page 381 of the civil report of Maj. Gen. John R. Brooke, U. S. A., military governor of Cuba for 1900. Have you changed your opinion also in that respect?

Colonel BLISS. Yes, sir; I have changed my opinion very considerably since that time, because I know a good deal more now than I did then. There is no question at all that the influx of Americans down there, if it takes place, will, for the very same reason that I have just given in regard to the influence of taste, have a decided effect. An American goes down there used to one thing, and if he has to pay a little more for it, the chances are that he will prefer to have that which he is accustomed to at home, precisely as to a certain extent, if the price does not vary beyond a very small limit, a Spaniard or a man of any other nationality will like that which he has been brought up to like.

Mr. METCALF. Have many Americans gone into the island in the past year?

Colonel BLISS. I can not tell you how many, but I do not think there is the disposition to go there now that there was in 1899.

Mr. METCALF. I call your attention, also, to page 385 of the report of Maj. Gen. John R. Brooke. This portion of the report, I believe, was written by you, was it not?

Colonel BLISS. Everything relating to the customs service; yes, sir.

Mr. METCALF. It is headed "Annual report of the collector of customs of Cuba for the fiscal year ending June 30, 1899."

You say:

What cattle breeders here especially desire is not the remission of the present duty, but that the United States shall use its good offices with certain South American countries in order to secure the removal or a lessening of the present pro-

hibitive export duty, which, in one case, amounts to \$19.50 per head. It is from those countries that cattle will be imported, as experience proves the undesirability of cattle from the United States for use in the island.

Is that correct?

Colonel BLISS. That is for working oxen alone, working animals. I have already explained, in that very report, I think, the reason why. The conformation of the body and horns of the animal make the oxen from those countries better adapted for work purposes in Cuba, where oxen are yoked by the horns.

Mr. METCALF. I call your attention also to page 386 of this report:

IMMIGRATION REGULATIONS.

By circular No. 13, Division of Customs and Insular Affairs, Washington, April 14, 1899, the laws and regulations governing immigration in the United States were declared to be in effect in the territory under government by the military forces of the United States, and the collectors of customs were directed to enforce these laws and regulations until the establishment of immigration stations in such territory. Shortly after this it was ruled that the provisions of the Chinese-exclusion act would not apply to Cuba until specific instructions therefor should be given. The people of that race, therefore, continue to come into this island without restriction. They come weekly from Hongkong, visied through the United States, where they are not allowed to stop. During the last six months the total number of Chinese arriving at the port of Habana is 344.

There are no restrictions at the present time in regard to the coming of Chinese to the island of Cuba, then?

Colonel BLISS. No; there are none now.

Mr. METCALF. You stated a few moments ago that the Spanish merchants also acted as bankers and loaned money.

Colonel BLISS. In a good many cases, yes. That is a matter of my general information.

Mr. METCALF. Is not the trade of the island of Cuba practically controlled by the Spaniards?

Colonel BLISS. I would not like to say what per cent, but very nearly all of it is controlled by Spaniards. Yes, sir.

Mr. METCALF. You gave a few moments ago the total revenue collected from customs duties in Cuba.

Colonel BLISS. In the fiscal year ending last June; yes, sir.

Mr. METCALF. The fiscal year ended June 30, did it not?

Colonel BLISS. Yes, sir.

Mr. METCALF. What is done with this revenue?

Colonel BLISS. So far as I am concerned, I turn it in daily to the treasurer of the island of Cuba, getting his receipt for it, and that ends my connection with it.

Mr. METCALF. Is there any direct tax laid upon the Cuban people?

Colonel BLISS. Yes, sir.

Mr. METCALF. What is that tax?

Colonel BLISS. Although I am not familiar with it, there is a direct tax upon property, varying according to whether it is city property or country property.

Mr. METCALF. Do you know what the total revenue from that tax is?

Colonel BLISS. No, sir; I do not. I do not think the total revenue of the island of Cuba, outside of the customs, amounts to \$2,000,000.

Mr. METCALF. Would it amount to \$1,000,000?

Colonel BLISS. I think, in a general way, it is between one and two millions; but I can not answer that question definitely. It is none of my business to know that, and I have neglected to inform myself. It is all in the official reports, however.

Mr. METCALF. Do you know who controls the banking trade in the island at the present time? Is that controlled also by Spaniards?

Colonel BLISS. I should say, outside of the city of Habana, that it is. In the city of Habana I should say that the majority of it is so controlled. No; I really would not like to answer that question directly. The largest banking house in the island of Cuba is the one of H. Upmann Brothers, which is German. There is at least one English banking house, the bank of Halifax, in Habana, and there is what they call now the National Bank of Cuba, which is an offshoot from the North American Trust Company, which has been there for the last three years. That is an American bank with some local representation, I do not know much. I think very little of the stock belongs to any natives.

Mr. METCALF. Do you know how many sugar mills there are to-day in Cuba?

Colonel BLISS. My recollection is that there are somewhere in the vicinity of 167.

Mr. METCALF. Do you know who own and control these mills?

Colonel BLISS. They are controlled by Spaniards, by Cubans, by Americans, and by Germans; in what proportion I can not say.

Mr. METCALF. You do not know how many mills there are?

Colonel BLISS. As I said before, the number is about 167. I think the Americans are probably by far the fewest in number.

Mr. METCALF. I say, you can not tell about what proportion are owned and controlled by the Cubans?

Colonel BLISS. No, sir; I have never known of any census being taken on that subject, or of any Government report that has been made that would give that information.

Mr. METCALF. Is there any distress at the present time in the island of Cuba, Colonel?

Colonel BLISS. Any distress? No, sir.

Mr. METCALF. The people are all employed?

Colonel BLISS. Yes, sir. I should say that there was no distress whatever, from all I have seen.

Mr. RUSSELL. Is there any distress in any industry in the island of Cuba except the sugar industry?

Colonel BLISS. I should say not.

Mr. RUSSELL. Then what we ought to do in the way of fulfilling a moral obligation to Cuba and assisting to make her prosperous ought to be restricted to the sugar industry?

Colonel BLISS. Well, that is for you to say, or whether you will give sugar anything or not.

Mr. RUSSELL. In your opinion, the other industries of the island are fairly prosperous, you say?

Colonel BLISS. I think that if sugar is prosperous everything else is bound to be prosperous, so long as Cuba is a one-crop country. I say "one-crop" because, although tobacco is a very important industry, sugar dominates everything. If sugar is prosperous, the island of Cuba is bound to be prosperous.

Mr. RUSSELL. You said there was this distress in the sugar industry there now, and you just stated that you thought there was no distress in anything else. Can sugar be not prosperous and yet tobacco and the other crops be prosperous?

Colonel BLISS. I say everything else except tobacco. Tobacco, of course, can be prosperous whether sugar is or not, and sugar can be prosperous whether tobacco is or not.

Mr. RUSSELL. Tobacco, of course, stands on its own bottom?

Colonel BLISS. It grows largely in different parts of the island, on different kinds of land from those which are used for sugar.

Mr. RUSSELL. It has a market of its own, no matter what the tariff is?

Colonel BLISS. Yes, sir.

Mr. MCCALL. Now, Colonel, were the Cubans so habituated to undervaluations and frauds at the custom-house under the Spanish rule that they would not be likely to be accurate in their valuations after we withdrew and they had the control of the custom-house?

Colonel BLISS. The Cubans were not accustomed to undervaluation, because the Cubans neither then nor now, so far as merchants are concerned, import anything into the island of Cuba. It is the Spaniards who do pretty much all of it.

Mr. MCCALL. Well, did not the merchants who import undoubtedly receive very gross undervaluations under the Spanish rule?

Colonel BLISS. So I have been told.

Mr. METCALF. Do you know anything about it personally?

Colonel BLISS. I know nothing about it personally; no, sir.

Mr. MCCALL. Now, have you studied the question whether it would not be possible to adopt a system of internal taxation to raise some of the revenue needed for Cuba?

Colonel BLISS. No, sir.

Mr. MCCALL. For instance, a tax on capital in banking, of which you spoke, and a direct tax upon property. You have not considered that question?

Colonel BLISS. I have not; no, sir. It is entirely outside of the business that has been committed to me to attend to; and there are other officers of the Government who can answer as experts on that question. I can only say that there is a general disposition on the part of the people of Cuba, now that they find that they can get from the custom houses the amount of money necessary for the government, to do away with any other form of taxation, which I think is very unfortunate; but it is the fact.

Mr. DALZELL. Did I understand you that in any readjustment of the tariff it would be necessary to maintain the revenues up to the present point?

Colonel BLISS. I say that that is the condition that was imposed upon me when I was instructed to prepare memoranda on the subject.

Mr. DALZELL. Keeping that in view, then, it would be necessary to have the present rates of customs duties as the minimum?

Colonel BLISS. Yes, sir; that is, of course, unless under more favorable conditions the importations were increased. That might act as an offset to any theoretical reduction in the revenue due to lowered duties.

Mr. DALZELL. Under present conditions, then, to give the United States a preference in that market you would have to do it not by taking off taxes and reducing rates in favor of the United States, but by increasing rates as against other countries?

Colonel BLISS. As against the world, yes, sir; and not against the United States; but only, as I say, for those things which the United States can supply, and supply at once.

Mr. NEWLANDS. I understand you to say there is no distress in Cuba at present?

Colonel BLISS. There is none that I have seen, if you mean by distress the form of it that appears with unoccupied labor, or people starving for want of food, or anything of that kind; no.

Mr. NEWLANDS. Labor, as a rule, is employed?

Colonel BLISS. Yes, sir.

Mr. NEWLANDS. Do you anticipate any distress in the near future if conditions remain as they are now?

Colonel BLISS. If everybody who has given me information on the subject, has given me correct information, I should anticipate that there might be distress; yes, sir.

Mr. NEWLANDS. Arising from what?

Colonel BLISS. From the closing down of the sugar mills.

Mr. NEWLANDS. Before the full crop is ground?

Colonel BLISS. I hardly think so, except that possibly that may be the case with those planters who are so close to the wall that they can not strain their credit enough to borrow money to carry them over, say, next month; but they will lose more money by stopping grinding than by continuing to grind. The distress, if any comes, would first appear in the closing down of mills of that character, but the principal effects would appear at the end of the present grinding season, when all the mills close and the labor does not find further employment in cultivating cane for next year.

Mr. NEWLANDS. Do you anticipate that if conditions remain as they are there will be less planting of sugar during the next year?

Colonel BLISS. Yes, sir; that is, assuming that what everyone says, and what I personally believe is the fact, viz, that sugar is being produced at an unprofitable rate.

Mr. NEWLANDS. Now, the production of sugar this year is greater than it was last year, is it not?

Colonel BLISS. Yes, sir.

Mr. NEWLANDS. By how many tons?

Colonel BLISS. If the entire crop of cane that is now standing is ground, all of the sugar experts and sugar brokers in Habana (who are probably as well informed as anyone on that subject) agree on a crop of about 850,000 tons of sugar. That is a little more than 250,000 tons, or just about 250,000 tons, over last year.

Mr. NEWLANDS. If conditions are made more favorable there by tariff concessions upon our side and an increased price for the Cuban product of sugar, would you anticipate a still larger planting and a larger tonnage of sugar?

Colonel BLISS. To a certain extent, yes, sir; but I am one of those who do not believe that there is going to be a very great ultimate or a very rapid increase in the production of sugar in Cuba.

Mr. NEWLANDS. That would depend largely upon the price, would it not?

Colonel BLISS. Yes, sir; but the price is now, as I believe, very largely fixed by the average world's supply, and I do not believe that that supply will ever again allow a great advance in price. You can vary the price of sugar in Cuba only to the extent to which you are going to vary the United States tariff; and even going to the extreme, it is never going to bring back the boom times of Cuban sugar.

Mr. NEWLANDS. As I understand it, the present duty on Cuban sugar is about \$1.68 per 100 pounds, is it not?

Colonel BLISS. On all sugar that polarizes at 96, yes.

Mr. NEWLANDS. If that entire duty were taken off, the Cuban sugar would sell in our market just as the Louisiana sugar and the beet sugar does, would it not? Would there not be an increase?

Colonel BLISS. I am not an expert on that question, and I do not like to answer. It appears to me that the question relates to the price that

the Cuban producer would get, and I do not know what proportion of the increase would go to him. I believe not more than 30 per cent.

Mr. NEWLANDS. Do you not think that a reduction, say, of from 1 cent to $1\frac{1}{2}$ cents per pound would very largely increase the production of sugar in the island of Cuba?

Colonel BLISS. Undoubtedly it would; yes, sir; but I do not believe it would go to the extent of the 5,000,000 tons that some people talk about, or 4,000,000 tons. I do not believe that, nor do I believe that it would be a very rapid increase.

Mr. NEWLANDS. As I understand it, the labor in Cuba is at present well employed, and at good wages?

Colonel BLISS. Yes, sir.

Mr. NEWLANDS. That means that the present production of sugar utilizes all the labor that now exists in Cuba; does it not?

Colonel BLISS. Yes, sir.

Mr. NEWLANDS. If that production is increased, from what source do you anticipate they will increase the number of their laborers?

Colonel BLISS. I think it will largely come, as it has been coming heretofore, from Northern Spain and Spanish countries generally. I do not think it is the kind of labor that Americans could be forced into, except as a last resort.

Mr. NEWLANDS. Do you anticipate any large increase in the Chinese immigration there if more favorable conditions for the production of sugar are inaugurated?

Colonel BLISS. That I can not tell; but I am inclined to doubt it from what planters themselves tell me—that they have never found the Chinese labor a profitable labor, especially as compared with this labor from Galicia and the north of Spain generally.

Mr. NEWLANDS. Are there any laws there preventing the entrance of Chinese laborers?

Colonel BLISS. No, sir.

Mr. NEWLANDS. Does the new constitution cover that question at all?

Colonel BLISS. I believe not. I do not think there is any provision of that kind in it.

Mr. NEWLANDS. Does it provide any restrictions upon immigration to that country?

Colonel BLISS. The immigration laws of the United States, with the exception of the Chinese-exclusion law, apply to the island of Cuba.

Mr. NEWLANDS. But that is under the military rule.

Colonel BLISS. Under the American administration, yes. The island of Cuba would have to make its own immigration laws.

Mr. NEWLANDS. As I understand it, Colonel, the Cuban people wish to come into commercial union with the United States without being subjected to the burdens that political union would involve, such as exclusion of the pauper labor of Europe and restriction of Asiatic immigration. The contention, you understand, on the American side, in behalf of the beet sugar industry and others, is that it would be unfair to have a commercial union when the Americans are handicapped by restrictive legislation as to immigration and cheap labor, and the Cubans are not.

A GENTLEMAN. And the payment of internal taxes.

Mr. NEWLANDS. Now, I ask you whether or not the Cuban people are prepared to come into political union with the United States so that they will stand upon an equality in the production of sugar?

Colonel BLISS. I think, judging from my own personal acquaintance and from information derived from it, that the great majority of Cubans are ready.

Mr. NEWLANDS. They are ready to come into political union?

Colonel BLISS. Yes, sir.

Mr. NEWLANDS. Do you mean by that that they are willing to come in as a part of the United States under a Territorial form of government under the Constitution, their people being citizens, and wait until the United States is ready to admit Cuba to statehood, or do you mean that they would require immediate statehood?

Colonel BLISS. From all those people who are interested in any way personally in the island of Cuba I have never heard but one statement—that they would be glad to come in as a Territory, as a colony, or remain under the present military administration, or in any way so as to become recognized as a part of the United States.

Mr. NEWLANDS. Now, then, if the United States Government, in the place of tariff concessions, should, by joint resolution adopted by Congress, invite Cuba to come into our political union, first as a Territory, with the assurance that in due time she would be admitted to statehood, do you think that invitation would be accepted by Cuba?

Colonel BLISS. I think it would; yes, sir.

Mr. RUSSELL. Colonel, you do not anticipate any rapid or ultimately any great increase in the sugar production of Cuba, as I understand you to say. Then you can not anticipate any very rapid or ultimately any very large increase in the importations to the island of Cuba, can you?

Colonel BLISS. I qualified that, sir, by saying that I did not anticipate what many people do—a production, in the course of as many years as there are fingers on your hand, of 5,000,000 tons of sugar or 4,000,000 tons of sugar.

Mr. RUSSELL. I understood you to say about as I have stated.

Colonel BLISS. It is easily anticipated, even by one who looks at the situation as I do, that the crop of sugar in Cuba could be doubled within a very few years.

Mr. RUSSELL. But you can not anticipate any more rapid or any greater ultimate increase in importation into the island of Cuba than you anticipate an increase in the production of sugar, can you?

Colonel BLISS. Yes, sir; because in looking forward to the state of affairs which I hope will exist ten years from now I do not lay so much stress upon sugar as probably everybody in this room does. If the concessions which the Cubans are asking Congress to make should be made, I understand that they will cover all the products of Cuba; and I think that ten years from the present time the happiness of Cuba will be infinitely better assured, and Cuba will be far more American than she is now or could hope to be by any other system, by the encouragement which you would give to the small farmer—the man who can live in that country well and prosperously on 3, 4, 5 acres of land.

Mr. RUSSELL. And raise what?

Colonel BLISS. And raise vegetables of every kind, fruit of every kind, which can supply every market that is accessible in the United States at a time when you can not buy such things out of a hothouse. I think that would increase the population of Cuba by a very large number (of course it is guesswork to say how large) of American people in a short time.

That is what I had in mind when I spoke about the influence of a large influx of Americans. The small planters, the small farmers, would go to Cuba; and the greater portion of the agricultural industry of the island would no longer be confined, as at present, to a system of large estates, controlled by absentee companies and absentee landlords, except at

certain seasons of the year, with thousands of peons whose prosperity and happiness rise and fall with sugar. There is now no balance wheel in the country at all. The country is miserable if sugar goes below a certain point, and is happy and reckless if it goes above a certain point. There would then be one man in four, perhaps, instead of as now, three men in four, whose living is dependent on sugar; and those men would, I hope and believe, be largely Americans.

Mr. RUSSELL. Then your notion is that concessions to Cuba would diversify the agricultural productions of the island, and those people would seek the market for their surplus in the United States?

Colonel BLISS. Yes, sir. Now, to what extent that is going to injure American interests I do not know, but I say that if it can be done it will, in my opinion, solve the question of Cuban prosperity and Cuban happiness.

Mr. NEWLANDS. Colonel, do you think the Cuban climate is adapted to Americans?

Colonel BLISS. Yes, sir; perfectly.

Mr. NEWLANDS. That they can live there generation after generation without degeneration?

Colonel BLISS. I can not answer you further than my own generation, and, in fact, not for all of that one. I have lived there three years, and have worked hard in all the variations of climate that they have there. I feel as well now as I did when I went there, and I see no reason to think that if I were there twenty-five years longer it would make any difference.

Mr. NEWLANDS. You were speaking a few moments ago regarding the sentiment there as to political union with the United States. Do you derive that sentiment from communication with Spaniards, or from communication with Cubans?

Colonel BLISS. With Spaniards, with Cubans, with laboring men, and with everybody except a certain class of Cuban politicians.

Mr. NEWLANDS. That is a small class, is it?

Colonel BLISS. Comparatively a small class; yes, sir.

Mr. NEWLANDS. Take the leaders in the late war with Spain—the Cuban leaders—what is their sentiment regarding it?

Colonel BLISS. I think that, as a matter of pride, at least, all of those men would prefer to see an independent Cuba. I think—in fact, I know—that there are some of these who have no hesitation in saying that after the pride of their people has been satisfied they will gladly welcome the next step in the solution of this problem.

Mr. NEWLANDS. As a permanent arrangement, do you think they would prefer simply a commercial union with this country, with tariff concessions on both sides, or political union, which, of course, would involve complete commercial union?

Colonel BLISS. That I do not know, sir; but I am satisfied that in bringing about this commercial union of which you speak, any condition that you choose to impose will be gladly accepted; any modification in any law, or the creation of any new law, will be gladly made by Cuba to secure that which is all she asks now, I believe, viz, closer commercial relations with the United States.

Mr. NEWLANDS. Do you think their disposition as to a political union with this country arises from these commercial considerations; or do other considerations enter into it?

Colonel BLISS. I think it all grows out of the commercial considerations.

Mr. NEWLANDS. It is represented here that there is intense hostility upon the part of Cubans to America.

Colonel BLISS. There is on the part of a certain outspoken element; yes, sir.

Mr. NEWLANDS. Is that a large proportion?

Colonel BLISS. I think it is a very small proportion, largely represented by the political men of whom I speak, whose immediate hope for the gratification of their pride and their ambition is in the establishment of an independent government.

Mr. TAWNEY. Colonel, in your judgment, if complete commercial union between the island of Cuba and the United States were effected, what effect would that have upon ultimate political union, if any? Would it prevent it?

Colonel BLISS. I believe it would postpone it to just the degree that I should think every American would like to see it postponed. Of course there are certain men—I know plenty of the most intelligent men, Americans as well as Cubans—who want annexation right away. I am one of those who can not see the wisdom of it. But by the establishment of these commercial relations which will tie Cuba to the United States commercially, making her prosperous, there will, in my opinion, be brought about the condition of which I spoke a moment ago—an influx of Americans of small interests into Cuba which will Americanize that island by the time the question of political annexation (if that is the proper term to use) would ever need to come up for consideration.

I believe, to answer your question, that the establishment of commercial relations would postpone to a very healthy extent the question of political annexation; and we will have gotten everything, it seems to me—I speak now not as a witness, but as an American citizen—that we want to get out of Cuba. As I say, in order to bring about these commercial relations you can impose any condition you see fit. I do not put any reservation whatever on it; you can impose any condition that you see fit to impose and Cuba will accept it gladly.

Mr. LONG. On the other hand, if Congress in its wisdom should refuse to do anything toward bringing about commercial relations with Cuba, what would be the effect in the island?

Colonel BLISS. I think if you were to come out with a flat-footed statement to that effect now the effect would be that those men who are trembling on the verge of ruin by reason of shaky credit would at once go to the wall. How many there are of that class, however, nothing except actual experience would demonstrate.

Mr. LONG. What would be the effect upon the annexation sentiment down there, or what might be termed the “annexationists?” Would they be strengthened or weakened by it?

Colonel BLISS. Numerically they would, undoubtedly, be strengthened. I think it would force into our political union a very discontented, unhappy fifteen hundred thousand people.

Mr. McCLELLAN. In other words, they would be starved into it.

Mr. ROBERTSON. How can they be starved into it when they are all employed?

Colonel BLISS. If any of you are thinking about annexation, I do not think you need raise any question about starving Cuba in order to get it.

Mr. METCALF. Colonel, coming back to an answer given by you a short time ago, if Congress remits the present duty on sugar, will it not tend to continue the large estates?

Colonel BLISS. So far as the question relates to sugar alone undoubtedly it will. I want to qualify that statement, however. The tendency in Cuba now is, and has been ever since I have been there (how long

before that I do not know), to increase largely the number of the colonos, the men with a few acres of land who grow cane, or the men who have land which they devote to other purposes, with here and there a patch of it which grows cane to advantage.

The tendency is more and more toward the establishment of centrals, buying cane at the best price they can get it from the small planter. I think the first effect of any reciprocity that would affect Cuba at all is going to be shown in the improved condition of the colono and the laborer. So soon as the mill owner finds that it is more profitable to make sugar, he will immediately reach out and bid for this man's cane and that man's cane, in competition with other mill owners doing the same thing, and they will bid it up to the limit, beyond which they can not go without losing whatever profit the concession gives them. In the same way, as there is certainly no waste labor in Cuba at this time, and probably will not be for the next season of cultivation, the colono will reach out and bid for this man's labor and that man's labor, in order to make as much cane as he can. In short, the mill owner will compete for the cane in order to make all the sugar that he can, and the colono will compete for labor in order to grow all the cane that he can.

I think, and most of the Cubans to whom I have talked agree with me, that if you were to give 50 per cent off, or 33 $\frac{1}{3}$ per cent, or whatever you give, probably not more than 30 per cent at the very most would go to the planter, and the rest of it, whatever did not stay in the United States, would go to the laborer and the colono, the man who cultivates small fields of cane.

Mr. NEWLANDS. Do these small cultivators own the land, or do they rent it?

Colonel BLISS. A great many of them own it, and a great many rent it.

Mr. NEWLANDS. Which is the larger proportion, do you know?

Colonel BLISS. I could not say; no, sir.

Mr. NEWLANDS. You do not think, then, if sugar production were made more profitable that the tendency would be to increase the concentration of land in large holdings? Do you not think the tendency would be to buy up large estates there, and concentrate lands?

Colonel BLISS. Yes; to a certain extent. I think the first effect of it, if I can explain my full view, would be this:

If any measure is taken which will restore confidence in the island of Cuba, the first thing will be a general liquidation. There are a great many planters who have gone to the wall, and nothing is going to help them; it will not make any difference what you do. Their property can not be sold because nobody wants it. As sugar property there is nothing in it. Even if it is mortgaged, and the man can foreclose his mortgage, he does not want the land. He wants to get his money out of it if he can. Those men are going to sell. Undoubtedly all that property, in my opinion, will never go back into sugar again.

To illustrate: I know one gentleman there (he is an American citizen, by naturalization, and has been for fifty years) who had and still has a large plantation in Matanzas Province, and who was ruined before the war. The war had nothing whatever to do with it. He has a claim against the United States Government for a large sum of money for property destroyed by one side or the other during the war. I asked him, the day I left Habana, this question: "Suppose the Government gives you your entire claim, and suppose Congress were to give a concession which would make sugar profitable, to at least some slight degree, to the average planter, what would you do? Would you

reestablish your plantation?" He said: "No; I am out of it forever. I never would go into it, for I could not make any money in it—at least, not enough to make it worth while—on that plantation."

I think there are many planters in the same position, whose land is not of the best, whose location is very bad in respect to transportation, and who never again can make sugar very profitably.

I do not want to lose from my mind, and I hope others will not, this fact, which in the lapse of ten years will do more than any other one thing for the general prosperity of Cuba: A great deal of that land which no longer will be profitable for sugar, in my opinion, will go into the hands of the fruit grower and the vegetable grower, providing he has a good and profitable market for his produce. Cuba now recognizes that she is up against the world in the competition for sugar. The world knows the price at which it can get sugar, and it is never going to pay much more for it, so that whatever you do can not bring back the old boom times for sugar in Cuba.

Therefore those men who went into sugar when it made no difference to them whether they paid one, two, or three cents a pound to make it, because they were getting five, six, or seven, are, in my opinion, going to be closed out in this era of competition. As a result, the sugar growing of Cuba, I believe, is going to be concentrated along the coast belt, very likely in the control of large estates, but much fewer in number than now, where the land is the very best; where the property is situated directly on a seaport, where deep-draft vessels can load at the door of the mill; where many items of expense that now burdens two out of three or four out of five of the Cuban planters will be abolished. I think the sugar industry is going to be concentrated in the hands of those men, because the others can not longer stand the competition they have been up against for years, which is getting worse every day, and from which there is never going to be much relief.

Mr. RUSSELL. Are the owners of these large estates, of which you have just spoken, the same as they were before the war?

Colonel BLISS. Do you mean is the property in the same hands?

Mr. RUSSELL. In the hands of the same parties; yes.

Colonel BLISS. I think very largely; yes, sir. I have heard of very few transfers. You understand that the prorogation of the mortgage law, beginning with 1899, prevented a great deal of property from changing hands that would otherwise undoubtedly have changed hands then. At the beginning of 1899 the price of sugar was considerably better than it is now; but aside from that, there was a great deal of confidence in the future action of the United States Government in respect to Cuba, and much property could have been sold then to advantage which can not be sold now. Then, the prorogation of that law intervened to prevent forced transfers; so that the property now must be very largely in the hands of the people who had it on the 1st of January, 1899.

Mr. NEWLANDS. Regarding the laborers employed on these large estates, what is their condition and standard of living as compared with the farm laborers of the United States?

Colonel BLISS. Compared with the condition of the farm laborers in my part of the country, it is lower; that is to say, the people there are satisfied with a way of living, for instance, so far as their houses are concerned—and the people of the highest class, for that matter, because the climate makes it perfectly comfortable—which would be intolerable here. It is possible that that—

Mr. NEWLANDS. With relation to the laboring class upon these large

estates particularly, are the laborers very numerous upon a large sugar estate, say, of 10,000 acres.

Colonel BLISS. I think the general rule is to estimate something like six or eight men to a caballeria of land, or $33\frac{1}{3}$ acres—that is, of the cheapest, commonest kind of day labor; possibly nearer eight than six. I think about one man to 4 acres of land is what they would calculate on.

Mr. NEWLANDS. So that upon a sugar plantation of 10,000 acres there would be about 2,500 laborers employed?

Colonel BLISS. I should say just about that number, if it was being cultivated under the best circumstances.

Mr. NEWLANDS. And that would involve a population upon such an estate of about 10,000 or 15,000 people, would it not?

Colonel BLISS. I do not know what the relation is between the adult and the nonadult population.

Mr. NEWLANDS. Are they people of large families, as a rule?

Colonel BLISS. Many of these people live in the villages and not on the estates at all. I know that near Habana, if you drive along the road in the evening, you will see men going in all directions, 5 or 6 miles from plantations, going to their homes. At the same time there are a good many there that live on the plantations—selected men, who are kept there.

Mr. NEWLANDS. As a rule, do the laborers live on these plantations or do they live in villages near them?

Colonel BLISS. I should say, taking the plantations by and large, that the majority live in the villages. Is not that your impression, gentlemen, in Matanzas [addressing some Cuban planters present]? Many live on the plantations themselves, of course.

A GENTLEMAN. They live on the plantations to a large extent.

Mr. NEWLANDS. Do those who live in villages own the soil? Do they own their holdings or houses, or are they tenants?

Colonel BLISS. That I do not know, sir.

Mr. NEWLANDS. What is the general standard of life there as compared with a similar class in our own country? Is it a very much lower standard?

Colonel BLISS. If you refer to the farm laborer, I do not think so. No, sir. The children of these men are all going to school. The men themselves get varying wages, but many of them, in many portions of the island, get as much as \$30 a month American gold; others much less than that. When I say "much less" I mean \$4, \$5, or \$6 less. It depends upon the competition there is for labor and the amount of labor there is to meet the demand in the vicinity.

Mr. NEWLANDS. Do you know what the present wages are as contrasted with the wages of, say, twenty years ago?

Colonel BLISS. No, sir; I do not.

Mr. NEWLANDS. Or ten years ago?

Colonel BLISS. No, sir. I can not now recall having seen any figures. The average wages, I think, are about $85\frac{1}{2}$ cents in gold a day, taking the island from one end to the other, for common day labor on a plantation.

Mr. TAWNEY. Colonel Bliss, you stated a moment ago that practically all the business was in the hands of the Spaniards. Is it that class of the people who are in financial distress at this time?

Colonel BLISS. When I say "in the hands of Spaniards," I refer to the importing business. The merchants in Habana, Oienfuegos, Matanzas, and Santiago are to a large extent Spaniards. They are the

people who import the things that all the rest of the community want to eat and wear.

Mr. TAWNEY. They have not and will not renounce their relations with Spain, even under the independent republic, will they?

Colonel BLISS. One of the principal Spanish merchants told me a few days ago that he regretted very much that he had not renounced his Spanish allegiance, and he knew many others who held the same view; and that there was no question at all that if the time they hoped for—of political annexation to the United States—should come, they would all of them become American citizens within twenty four hours of the time when the law allowed them to do it.

Mr. TAWNEY. Are there any annexationists there who are Spaniards?

Colonel BLISS. That class includes everybody that I personally know who has any financial interest in Cuba, whether he is a Spaniard, a Cuban, an American, a German, or anyone else.

Mr. TAWNEY. Have you any idea about what percentage of the plantations are owned by Spaniards?

Colonel BLISS. No, sir; as I said a moment ago, I could not tell; but out of the total number I do not believe a majority is owned by Spaniards.

Mr. TAWNEY. You have said that labor there is employed, all over the island. In what does this distress of which you speak consist?

Colonel BLISS. I have not spoken of any distress, except to deny that any existed so far as I knew. It is a long time since I have seen anyone begging on the streets, or anybody who wanted to work who was not at work at good wages.

Mr. MCCLELLAN. But the refusal of any tariff concessions would probably result in throwing these men out of employment, would it not?

Colonel BLISS. The conditions in Cuba in that respect are about like a bank which you may all know is going to fail three months from now; but the cashier is getting his pay, and the messengers are getting their pay, and the clerks and bookkeepers are getting their pay, and they are all spending it; but that has no bearing on your opinion as to what is going to happen to the bank three months from now. Just so long as the Cuban planter can grind cane he will employ laborers, and the laborers will spend their money, and the importer will import shoes and hats and clothing for them to wear and food for them to eat; but the moment the planter stops work the merchants will stop importing.

Mr. NEWLANDS. That would all depend on the price of sugar, in your judgment, then?

Colonel BLISS. I think so; because, as I say, I think three out of four people in Cuba depend on sugar.

Mr. NEWLANDS. You have spoken of the American influx that would follow settled conditions there. Do you think Americans there would take hold of the soil and till it? Do you think they would take up small holdings there?

Colonel BLISS. Oh, yes, sir.

Mr. NEWLANDS. Is that climate adapted for Americans in that kind of work?

Colonel BLISS. Perfectly; perfectly. It is warmer in winter and cooler in summer than almost any part of the United States with which I am familiar. I do not know of a more delightful climate, winter and summer, than the island of Cuba, so far as concerns any part of the island that I have visited. Of course the effect that would be produced on a second generation or a third generation is something that I do not know and can not foresee; but I am acquainted with many Ameri-

cans, Englishmen, Germans, Frenchmen, and Spaniards who have lived in Cuba from a quarter to a half a century and who have suffered no deterioration that I can see, either physical or otherwise. I know a good many Americans, small planters, people who have come down and bought 30, 40, or 50 acres of land and are raising vegetables and oranges, who have found that the business is not successful, because they can not export anything to the United States. They find that the price they get for a barrel of oranges on the wharves of Habana is counterbalanced by the duty they have to pay in New York.

Mr. NEWLANDS. Do these Americans labor themselves, or do they employ peon labor?

Colonel BLISS. Oh, those whom I have in mind are people that go out and work in the fields themselves.

Mr. LONG. Colonel Bliss, if there is no distress in Cuba and labor is fully employed, what basis is there for this agitation that is carried on there for concessions and this appeal to Congress for relief?

Colonel BLISS. I had hoped that I had already answered that question in two or three different forms, Mr. Long. It is because if there is any truth whatever in what everybody says, the sugar industry is up against the fact that it is producing sugar at a certain cost per pound and selling it at a certain price below that, and they can only keep that up a short time.

Mr. LONG. Now, what information have you as to the cost per pound of the production of sugar in Cuba?

Colonel BLISS. Now you are coming to the point where I began by disclaiming any expert knowledge. I had supposed when I received an order to come up here with some information on this subject that that might have been already done, which it seems to me would settle this question absolutely as to what it costs, on an average for a given season, to produce sugar in Cuba. That would consist in empowering experts to investigate the books of twenty-five or thirty or forty planters in different parts of the island, representing the good, bad, and indifferent plantations—the figures all varying, as of course honest figures must vary on such subjects, but all pointing to one general conclusion in regard to cost. I do not know whether that has been done or not; but in the short time that I had I not only reduced to concise form information that I had already acquired in the way I mentioned a moment ago, as an onlooker, or from asking questions; but when I knew I had to come here, I went directly to planters who could give me from their books information from which I deduced the cost of sugar. I may say that I did not ask any of them what it cost them to make a pound of sugar.

Now, I have here some statements bearing on this point. I do not want to mention the names. I can tell you where the plantations are, in a general way, and if the committee wants, confidentially, the names of these people, I shall be glad to give them. But I obtained this information from them without any understanding on their part that I was to make such use of it, and for that very reason I have much more confidence in the general accuracy of the figures.

I have here the statement of a Spanish planter, the one in regard to whom the banker in Habana told me he would lend money on sugar if he loaned it to anyone in Cuba. He has his own plantation, and is indirectly connected with the management of some seven or eight plantations through a bank of which he is a member.

I asked him to give me the cost of the cultivation of one caballeria of land, or 33½ acres, which is the unit of measure of a plantation, and

from that to give me the cost of the cultivation of 2,500 pounds or 100 arrobas of cane. They measure cane by the arroba rather than by tons. I asked him to give me figures representing the average cost during the life of his cane crop, whether it was five, seven, or nine years, or whatever it might be, including the cost of cutting, stripping, and hauling it to the mill by carts or railroads, or both combined; the cost of manufacture at the mill; all of which would give me the cost per pound of sugar at the mill; the freight that he had to pay to get it to the shipping port; and then, with the other information that I had as to shipping charges, insurance, etc., I have made here a statement covering, I think, twelve plantations, the general location of which I will give you.

I will briefly explain the statements which I hold in my hand and then hand them to the reporter for such use as the committee may desire to make of them.

1. Statement of eight plantations in the vicinity of Caibarien, on the north coast of Cuba.

Cost of cultivating 100 arrobas of cane (2,500 pounds) per year	\$0.50
Cutting, stripping, piling, and hauling to railroad	1.35
Hauling by railroad to mill .....	.25
For the colono per 100 arrobas .....	.25
Cost at mill	2.35
Manufacturing cost at 9 per cent extraction of sugar, or to make 225 pounds sugar	1.125
Railroad freight to port and warehousing 225 pounds sugar .....	.50
Cost of cane to produce 225 pounds sugar	2.35
Cost of making and delivering at wharf 225 pounds sugar	3.975
1 pound at wharf .....	.0177
Shipping charges .....	.0023
Bag .....	.000676
Nominal cost per pound f. o. b .....	.020676

But to this must be added the proportional amount of the annual expenditure for the up-keep of the plantation, which must be paid for out of the season's production of sugar. From the data given to me by a Cuban owner of a good average plantation, I think that if there be added to the cost of each 100 arrobas (2,500 pounds) of cane the proportional amount expended for the up-keep of machinery, work animals, implements, carts, plantation railway, and the amount expended to replace deterioration of land, it would increase the cost of each 100 arrobas of cane by, approximately, 40 cents. Adding this amount in the above case gives as the cost per pound f. o. b.—

Spanish gold	\$0.022376
American currency .....	.0207

Mr. NEWLANDS. You are speaking now of cents?

Colonel BLISS. Yes.

Mr. LONG. Is that on board ship?

Mr. BLISS. That is on board ship, plus what I am now going to give you. In respect to this point, I want to be distinctly understood, because if there is any criticism to be made as to the facts on which I base this deduction well and good; I will have to refer to expert sugar men to justify it. But from the owner of one good average plantation, on the south coast of Cuba, I got certain data in respect to the up-keep of his place covering, I think, the period from the year 1894.

This data showed the amount he expended, on an average, to keep his

machinery in condition to grind to the capacity of his mill; the amount expended to keep his railway in order, his locomotive, cars, etc.; to keep up his farming implements, to keep up his cattle, horses, and cane carts, and to allow for the depreciation in his cane fields, which has to be made up by the planting of new cane, which, lying idle during that year, must have its cost made up of the selling price of sugar for that season.

Adding all of that to any one of the items in the cost of production, as, for instance, to the cost of cane, would make a total of 40 cents to each 2,500 pounds of cane. I have assumed that as an average, because I have not the figures directly from the planter in any other case of a well-kept, well-administered plantation. If you add 40 cents as the cost of up-keep to every 2,500 pounds of cane, you make the total cost, f. o. b., in Spanish gold, of 1 pound of sugar \$0.02237, as I have given in my first statement. Reducing that to American currency, on the basis of 9 per cent, it would be \$0.0207, or 2.07 cents. That is for the eight plantations of which I speak in Cabairien.

I have here the data for another plantation near Matanzas, at which the cost f. o. b. for sugar which is lightered for this port near the harbor of Matanzas to Habana for shipment is \$0.022; reduced to American currency, \$0.0202, or a little over 2 cents a pound.

2. Plantation in the province of Matanzas, product lightered to Habana.

Cost of 100 arrobas (2,500 pounds) of cane delivered at the mill.....	\$2.20
Manufacture (extraction of 206½ pounds) and freight	1.39
Cost of of 206½ pounds in port	3.59
Cost per pound .....	.0174
Shipping charges .....	.0023
Bag .....	.000676
Per pound, f. o. b .....	.020376
Adding proportional amount for up-keep, cost per pound, f. o. b.—	
American currency .....	.02027
Spanish gold	0.02207

An estimate for a large plantation near Cienfuegos, managed and owned by a Cuban, comes out, on the same basis, in American currency, as \$0.0225.

3. Plantation 60 kilometers from Cienfuegos (Cuban).

Cost of cultivating 100 arrobas (2,500 pounds) cane.....	\$0.82
Cutting, piling, and hauling to railroad	1.30
Hauling by railroad to mill .....	.12
Cost, 100 arrobas at mill	2.24
Cost of manufacture (extraction=250 pounds).....	2.22
Cost 250 pounds sugar at mill	4.46
Cost per pound at mill .....	.01784
Freight to port .....	.00123
Cost per pound at port.....	.01907
Adding as before for up-keep:	
Cost per pound at port.....	.02068
Shipping charges .....	.0023
Bag .....	.000676
Cost per pound, f. o. b.:	
Spanish gold .....	.023656
American currency.....	.0225

The CHAIRMAN. Is that Spanish currency?

Colonel BLISS. No, sir; it is reduced to American currency. In Spanish currency it is \$0.0236. One near Cardenas is in American currency \$0.019, a little less than 2 cents a pound. The gentleman who gave me the figures in Habana told me that he did not have access to all of his books, and he gave me some of his data from what he said he had repeated so often that he was quite certain it was correct; but, as you see, that is below the average of those I have thus far given.

4. Plantation near Cardenas (the data in American currency).

Cost of cultivating 100 arrobas (2,500 pounds) cane.....	\$0.833
Cutting and delivering	1.20
Cost at mill.....	2.033
Up-keep.....	.40
	<hr/>
	2.433
Conversion into sugar (225 pounds) .....	.72
	<hr/>
Cost 225 pounds at mill.....	3.153
	<hr/>
Cost 1 pound .....	.0139
Freight.....	.00225
Shipping charges .....	.0023
Bag .....	.000676
	<hr/>
Cost per pound, American currency .....	.019128

In the case of a large plantation in the province of Habana, about 30 miles from the city of Habana, the cost per pound, reduced to American gold, is \$0.02.

5. Plantation in Habana Province.

Cultivating 100 arrobas (2,500 pounds) cane	\$1.00
Cutting and hauling to railroad.....	1.00
Hauling by railroad to mill .....	.50
Up-keep.....	.40
	<hr/>
Cost at mill.....	2.90
Cost of conversion into sugar at 10 per cent extraction (250 pounds).....	1.25
	<hr/>
Cost of 250 pounds sugar at mill.....	4.15
Freight to warehouse in port.....	.318
	<hr/>
	4.468
Or 1 arroba (25 pounds).....	.4468
Adding storage, insurance, commission, lighterage, and bag brings cost of 25 pounds to.....	.55175
Or 1 pound in Spanish gold .....	.02207
Or 1 pound in American currency .....	.02008

Finally, just before I left Habana, I went to the secretary of agriculture, hoping I might find in his office reports from planters, from which I could make an independent analysis. He told me he had reports, but that they were not in such shape as would permit me to examine them. He gave me, however, the first sheets of an official book being published by his department relating to the exposition in Buffalo, in which he gives a summary of such reports as he had in his office, compiled by his statisticians, as to the cost of manufacture of sugar, including its cultivation and actual manufacture. I shall be very glad to leave this book here. There are two or three misprints in it which I have corrected.

The CHAIRMAN. We do not want to print the book, of course, unless it is necessary. Will you not state the cost from that book, Colonel Bliss?

Colonel BLISS. Yes, sir; I am going to state it now; but, as I say, I will leave the book with the committee, if they should so desire. Mr. Lacoste, from the reports he has—

Mr. LONG. Is he the secretary of agriculture?

Colonel BLISS. He is the secretary of agriculture. He assumed \$1,200 as the complete cost, from experience, of the cultivation of one caballeria of land up to the first cutting of the cane, and \$400 per year for the next four years, assuming the life of cane in the province of Habana to be five years, which is probably true; making the total cost of cultivating it during the lifetime of the crop of cane \$2,800, or an average of \$560 per year. That is for 33½ acres. He further assumes a production of 50,000 arrobas of cane, which, multiplied by 25, gives the number of pounds of cane for each one of those 33½ acres per annum. This makes the average cost of 2,500 pounds of cane (100 arrobas), up to the time of cutting each year, \$1.12 in Spanish gold.

The cost of cutting and hauling this 100 arrobas he places at \$1.50. The cost of manufacturing and converting that into sugar, on the basis of 9.68 per cent conversion of cane into sugar, is estimated at \$2, making a total of \$4.62 in Spanish gold, which, reduced in the same way as in the other cases I have just given, gives the largest estimate of any that I have seen—\$0.022, or 2.2 cents per pound.

5: Statement compiled from data on page 104 of book entitled "Cuba at the Pan-American Exposition," published by the Cuban Secretary of Agriculture.

Cost of cultivating 100 arrobas (2,500 pounds) of cane.....	\$1. 12
Cost of cutting and hauling to mill.....	1. 50
Cost of conversion into sugar.....	2. 00
Cost of 242 pounds sugar (on 9.68 per cent extraction)	4. 62
Cost per pound at mill.....	.01910
Freight to port .....	.00200
Shipping charges.....	.0023
Bag .....	.000676
Up-keep .....	.00017
Cost 1 pound, f. o. b., Spanish gold .....	.024246
Cost 1 pound, American currency.....	.02206

Mr. LONG. All of this refers to raw sugar, 96 degrees polarization?

Colonel BLISS. Raw sugar; yes, sir; the polarization will vary.

The CHAIRMAN. Have you finished that estimate?

Colonel BLISS. Yes, sir. It refers to raw sugar.

The CHAIRMAN. What has been the selling price of that kind of sugar in Habana, Cuba, in the last few weeks, if you know?

Colonel BLISS. A little while ago it was 37½ cents for 25 pounds, and it is now lower than that. Mr. Placé, have you seen the last quotations? That was a cent and a half a pound, but it is less than that now. It is about 1.4, is it not?

Mr. MENDOZA. Thirty-seven and a half cents.

Colonel BLISS. Was that the last quotation?

Mr. MENDOZA. In Spanish gold.

Colonel BLISS. In Spanish gold; yes. That would be, in Spanish gold, 1½ cents a pound, with 9 per cent off for American currency.

Mr. LONG. What would that leave it?

Colonel BLISS. That is about 1.4 cents.

Mr. NEWLANDS. A little less, is it not?

The CHAIRMAN. You say it is 9 per cent off?

Colonel BLISS. Yes; about that.

The CHAIRMAN. Then it would be between 1.36 and 1.37.

Colonel BLISS. Now, the figures which I have given to you, exactly as I obtained them, under circumstances which makes me think that they were not intended to deceive me or anyone, would indicate a differ-

ence between them, that is to say, a difference between the cost of production and the selling price of one-half a cent a pound, American currency, or a little more.

Mr. LONG. As the loss on every pound of sugar produced?

Mr. ROBERTSON. How much do you say that loss was?

Colonel BLISS. The difference between the selling price of sugar, which is a little less than a cent and a half a pound, and the cost price of 2 cents a pound, assuming the figures here given to be accurate.

Mr. NEWLANDS. Two cents is the cost, and a cent and a half the selling price; is that it in Spanish gold?

Colonel BLISS. No; in American gold.

Mr. NEWLANDS. At the rate of \$1.37?

Colonel BLISS. At the rate of \$1.37, which is, as I figured it out, the last quotation.

Mr. NEWLANDS. What has been the average price of sugar during the past two years in Habana?

Colonel BLISS. Two and a half cents or 2.4 cents, I think. I think last year it was two and a half, and the year before that 2.4.

Mr. NEWLANDS. The last year it was 2.5?

Colonel BLISS. I think it was, and the year before 2.4. If not, it is just the reverse of that.

Mr. NEWLANDS. That is, in American money?

Colonel BLISS. Yes.

Mr. METCALF. Did these gentlemen from whom you obtained these figures understand that you were coming to Washington for the purpose of making a report of this matter?

Colonel BLISS. Some of them, I have no doubt, did, because even in the short time that had elapsed it was quite well known that I was coming up here. As I say, however, I did not ask any of these gentlemen to tell me the cost of making a pound of sugar. I got statements from them as to the cost of the different steps in the process of manufacturing of sugar up to the turning of it out at the mill.

Mr. METCALF. Is there anything to prevent Cubans from refining their own sugar?

Colonel BLISS. There used to be a refinery that failed, I think, in Cardenas—a small one; and there is one plantation in Cuba which refines a very small amount of sugar. I do not know to what degree it carries the process of refining it; but it makes a small amount of what is called refined sugar for sale in the island of Cuba. Whether there is anything in the general trade conditions that would prevent it or not I do not know; because, as I said, I have never specially studied the sugar question.

Mr. METCALF. What does refined sugar sell for in Cuba?

Colonel BLISS. That I do not know; I never have bought it. There is a very small quantity of it. I never knew until I talked with the owner of the plantation that it was refined there.

Mr. METCALF. What does refined sugar sell for to-day in Cuba?

Colonel BLISS. That I do not know. Do you mean sugar imported from the United States?

Mr. METCALF. Do we export refined sugar from the United States to Cuba?

Colonel BLISS. There is a very little of it imported; I do not know exactly how much, but last year about \$26,000 or \$27,000 worth.

Mr. METCALF. What does refined sugar sell for to-day in Cuba?

Colonel BLISS. As I said a moment ago, I can not tell you; I do not know.

Mr. METCALF. I understood you to say that they sell their raw sugar

to this country, sending it here to be refined, and then purchase from this country refined sugar.

Colonel BLISS. If they purchase any except what they get from this little plantation they must get it from the United States, because it is all refined here; but I have never even looked into the question to what extent they produce refined sugar; I do not know.

Mr. METCALF. Do they import refined sugar from Europe—from Germany?

Colonel BLISS. The total amount of refined sugar imported into Cuba last year from all other countries besides the United States was a little less than \$2,000. Most of the amount of sugar consumed in Cuba comes from the plantations.

Mr. METCALF. Can you also get the prices at which it is selling?

Colonel BLISS. Selling in Habana? Yes, sir.

Mr. METCALF. I would like to have that information.

Colonel BLISS. I can get it by cable in the course of an hour or two.*

Mr. LONG. You export some refined sugar, do you not?

Colonel BLISS. From Cuba?

Mr. LONG. Yes.

Colonel BLISS. That I can not remember; but I think it would only be a trifle, because there is only a little refined in the island; none at all except a very small amount at a plantation near Guines.

Mr. METCALF. A few moments ago you spoke about boots and shoes, and so on. Are those goods imported from this country?

Colonel BLISS. The tabulated statement that I shall give to the reporter will show you exactly how much trade under each paragraph of the tariff comes from the United States and how much from "all other countries."

Mr. NEWLANDS (to Colonel Bliss). Are you stating the price of sugar in Habana from your own information, or information received from some one in the room?

Colonel BLISS. These figures that I have just given?

Mr. NEWLANDS. Yes.

Colonel BLISS. They are absolutely independent. You mean the production of raw sugar on the various plantations, do you?

Mr. NEWLANDS. No; as to the price of sugar in Habana f. o. b.

Colonel BLISS. No, sir; I have just explained to you how I got all of those figures—from information that certain planters gave me as to the cost of the various processes in the manufacture of raw sugar on their plantations. My specific information comes from the plantations in the middle and the western parts of the island of Cuba, to which I referred a few moments ago. I have explained how I deduced the cost f. o. b. from the other data.

Mr. NEWLANDS. I do not speak now of the cost of sugar to the producer; I am speaking of the market price at Habana, or f. o. b.

Colonel BLISS. Oh, no, sir. Those are the daily quotations. Anybody who chooses to look and see at what price the last sale of sugar was made can get that information for himself.

Mr. NEWLANDS. Mr. Pharr stated that the price yesterday was what?

Mr. LEAVITT. If you will let me explain a moment. The price yester-

*[Cablegram.]

Major BLISS,
(Care Secretary of War), Washington:

Sugar, wholesale to-day: Loaf, six thirty two per hundred; granulated, five thirty six American gold.
CARTAYA,
Acting Collector of Customs for Cuba.

HAVANA, January 31, 1906.

day of 96 centrifugals in New York was 35¢. The lowest price at which it was sold a week ago was 33¢. That is costs, freight, and duty paid to New York. If you take 11 cents for costs and freight from that price it leaves the price to day f. o. b. in Habana \$1.94, and the lowest price at which it is sold f. o. b. Habana is \$1.69. Now, those figures I know from my own knowledge are correct, and Mr. Pharr, who is associated in that plantation with Mr. Post, who testified yesterday, is, and has been for years, an importer of sugar from Cuba. You will find that that is true from Mr. Post's own testimony, and Mr. Hawley's, which is now before you. So I think the Colonel has simply made an inadvertent mistake in his subtraction; that is all.

Mr. MENDOZA. Mr. Chairman, may I say a word?

The CHAIRMAN. We want to get through with Colonel Bliss first.

Mr. MENDOZA. It is just in answer to this gentleman's question—just one word.

The CHAIRMAN. Very well.

Mr. MENDOZA. The price I gave, 37½ cents, was the price at which I sold the sugar two days before I left Havana, two weeks ago.

Mr. NEWLANDS. Thirty-seven and a half cents for what?

Mr. MENDOZA. In Spanish gold, for 25 pounds.

Colonel BLISS. That is 1½ cents a pound in Spanish gold.

Mr. NEWLANDS. Then how do you account for the difference between that price and the New York price?

Mr. MENDOZA. That was the New York price, and I could not get any more, and I know the man who bought the sugar could not place it in New York.

Mr. NEWLANDS. What was the New York price at that date?

Mr. MENDOZA. Oh, I could not tell you that. I tell you the price at which I sold to this man, but he could not place it. He told me he had not been able to place it. He may have been able to do so now, because the market has increased since I sold the sugar. It has increased a little since that time.

Mr. ROBERTSON. How much; a quarter of a cent?

Mr. MENDOZA. I suppose an eighth of a cent.

The CHAIRMAN. Mr. Post said a quarter of a cent yesterday. Colonel Bliss, have you now gone over all the matter that you have there in answer to questions?

Colonel BLISS. I have gone over all of it so far as any questions have brought it out, sir. I have no statement to make, except as I have prepared myself with figures which I thought would be likely to cover any line of inquiry you might make.

The CHAIRMAN. Have you anything else there which you think would enlighten the committee upon this matter?

Colonel BLISS. I think not, if, as I understand, I can give to the reporter the full statement of which I read an abstract a little while ago.

The CHAIRMAN. Certainly; we want that done.

Mr. LONG. Should that not include the different schedules he has there, Mr. Chairman, of rates on goods going into Cuba?

Colonel BLISS. Yes; I will also submit those.

Mr. METCALF. And the price of refined sugar in Cuba.

Mr. LONG. I suppose all of those documents will be printed?

The CHAIRMAN. Certainly. Then that is all with Colonel Bliss.

Mr. NEWLANDS. I would like to clear up this apparent discrepancy between the price of sugar in Habana, as stated by Colonel Bliss at 1½ cents a pound, and the price in New York, with reference to which

I understand their lowest quotation on the market is $3.37\frac{1}{2}$ for refined sugar.

Colonel BLISS. That is duty-paid.

Mr. NEWLANDS. I understand that is duty-paid. Now, the duty is \$1.68, is it?

Mr. LONG. On refined sugar. He means raw sugar.

Mr. NEWLANDS. In New York the price of refined sugar was $3\frac{3}{8}$, which would be $\$3.37\frac{1}{2}$.

The CHAIRMAN. The duty is $\$1.68\frac{1}{2}$, I think.

Mr. LONG. That is on raw sugar.

Mr. NEWLANDS. Yes; that is true. Now, what is the cost of transportation?

A GENTLEMAN. Eleven cents.

Mr. NEWLANDS. One dollar and sixty-eight cents and 11 make \$1.79. Now deduct that from $\$3.37\frac{1}{2}$ and it makes $\$1.58\frac{1}{2}$, does it not?

A GENTLEMAN. Yes.

Mr. NEWLANDS. As the price in Cuba?

A GENTLEMAN. F. o. b. Habana.

Mr. LONG. I suppose the man who bought it wanted to have a little profit.

Mr. LEAVITT. Mr. Pharr also testified that there was no sale of Cuban sugar in the open market at that price.

Mr. NEWLANDS. Is that the lowest quotation you have had?

Mr. LEAVITT. That was the lowest quotation established in the New York market; and that only applied to the sale of Java sugar. He said it did not apply to Cuban sugar.

ADDITIONAL STATEMENT OF MR. LOUIS V. PLACE,

Of the Cuban Economic Delegation.

Mr. PLACE. Mr. Chairman and gentlemen: It has been often said and repeated here that this Cuban economical campaign was started only four or five months ago, at the instigation of parties connected with the sugar industries of the United States.

Permit me, gentlemen, to explain to you the exact situation. In January, 1901, a Cuban delegation to Washington was appointed by all the chambers of commerce and all the industries of Cuba, in order to beg the American Government to establish commercial relations with the island of Cuba.

Prior to this, in the month of August, 1898, four months before the American Government took charge of the customs of the island of Cuba, I was called to Washington by the Hon. Robert P. Porter, then tariff commissioner of the island of Cuba. After several days in Washington discussing the whole tariff question, although we did not reach any agreement, Mr. Porter asked for a written statement of my views on the subject. I now have the pleasure of handing you a copy of my report, and I beg you, Mr. Chairman, to allow the same to be filed with the report of the hearings before this committee. (See Appendix, p. 640.)

Had Mr. Porter followed my advice, the trade from the United States to Cuba, instead of having reached some \$80,000,000 during the last three years, would have reached at least \$140,000,000. Instead, our surplus trade was taken from the United States and transferred to European nations. Instead of helping the United States manufacturers and farmers we favored European nations, who have supplied us with an immense amount of goods and buy very little of our products.

Now, gentlemen, the Cuban representatives are fighting their own

cause on its own merits. For every dollar we ask from you we are willing to give you another one.

It appears to me what we are looking for has not been well understood. We beg your assistance for our products, and in compensation we want you to secure the trade of Cuba.

If you will bear with me one minute more I will make an explanation as to some of the things which have been said here.

First, let me speak of beet sugar:

I am not against beet sugar, but I have followed all the discussion regarding beet sugar. Mr. McClellan asked a gentleman from Michigan how much protection beet sugar had. He said, "94 per cent." Mr. McClellan asked him, "Will 50 per cent do you any harm?" "Yes, sir; it will ruin us." That was the answer. "Will 25 per cent do you any harm?" "Yes, sir; it will ruin us." "Will 10 per cent do you any harm?" "Yes, sir; it will ruin us."

Gentlemen, from the commercial point of view, if an industry that has 94 per cent protection can not stand a reduction of 10 per cent the sooner you remove it to Cuba the better it will be for it. [Laughter.]

Louisiana sugars: The grandees from Louisiana [great laughter] are looking at this reciprocity business from a very narrow point of view. Any advantage allowed to Cuba will momentarily do them some harm; but looking to the future, and taking a broad view of the matter, it will be in the near future turned to their advantage. You are fighting Cuba; nobody seems to remember that it is not Cuba that you must fight. The enemy of our industries is on the other side. Nobody has said anything about that. It is said, "Cuba will swamp us with sugar," and "Cuba will swamp us with tobacco," "Cuba will swamp us with vegetables," and "Cuba will swamp us with cigars." Why, gentlemen, we begin to think we are somebody. [Laughter.]

Tobacco: We exported last year from the island of Cuba to the United States 200,000 bales, or 10,000 tons of tobacco. I want to know what 10,000 tons of tobacco represents in a country which produces and sells and exports 100,000 tons of tobacco?

Cigars: Several gentlemen, in their report regarding the cigar trade, said that any reduction allowed to the Cuban cigar would do the trade of the United States considerable harm. "They will swamp us with tobacco;" they will swamp us with cigars"—that is the cry.

We export from Cuba to the United States 40,000,000 cigars a year. Here is a country in which there are at least 20,000,000 gentlemen who smoke. We only give them two cigars each per year. [Laughter.]

Vegetables: A gentleman also said, "Cuba will swamp the United States with vegetables." Gentlemen, the whole amount of vegetables we ship in one year from the island of Cuba would not give a breakfast to the city of New York alone. [Laughter.] That is the trade of Cuba, which they are blowing so much about. We have nothing of the kind.

To swamp the United States with trade we ought to produce things, not by working the land or anything of that kind, but as you blow a bottle up here—"puff, puff," and get a bottle. Then look out for yourselves. [Great laughter and applause.]

I want Cuba and the United States to get together; but I do not want either to do the other any harm.

I said the first day I spoke that inside of ten years the consumption of sugar of the United States would be 4,500,000 tons. A gentleman from Louisiana said that it would be 4,000,000. Another gentleman, representing the beet-sugar industry, said day before yesterday that it would amount to 4,000,000 or 5,000,000. Well, if we come in with 2,000,000, the beet-sugar men can come in with 1,000,000, and my friends

from Louisiana can have a million or a million and a half, and the Porto Ricans can have a half a million, and so on. There is room enough for all, sir.

If you wish to ask me any questions, gentlemen, I shall be most pleased to answer them.

Mr. METCALF. Do you know the price of refined sugar in Cuba?

Mr. PLACÉ. The price of refined sugar? We do not make any.

Mr. METCALF. You use it, do you not?

MR. PLACÉ. Yes, sir. You see, we are good people. We have been importing beet sugar and refined sugar from the United States for our own consumption.

Mr. METCALF. What does refined sugar sell for in Cuba?

Mr. PLACÉ. I have no idea; I can not tell.

Mr. LONG. Does this paper which you are filing represent your present ideas?

Mr. PLACÉ. Yes, sir; our present ideas.

The CHAIRMAN. That is all.

ADDITIONAL STATEMENT OF MIGUEL MENDOZA, Esq.,

On behalf of the Cuban Delegation.

Mr. MENDOZA. Mr. Chairman and gentlemen: When I first came before this committee, it seemed as if a very insignificant little fellow had come to beg assistance from a rich, big, and powerful giant. But after having heard the tobacco and sugar producers of the United States, I dreamed that I was the big fellow, and that this country was the little fellow. [Laughter.]

I have never seen a community fear so much a little piece of land and its people, who, as said by one of the gentlemen from Michigan, are a "low class." I do not understand how such poor stuff can so menace this country. This same class of people, who, as several of the gentlemen have said, live under banana trees, illustrate what we are trying to demonstrate—that Cuba is in a bad economic condition. If a man has no house, no clothes, and only eats the fruits which grow by nature, it does not mean that he is exactly prosperous. These poor laborers, like yours, would also like to have better houses, better clothes, and better food.

It has been asked by members of this committee how it is that if all the available labor is employed Cuba is in distress, and this I wish to explain.

The laborers are all employed to-day because we have just started our crops. If, however, nothing is done by Congress to allow us to make the sugar that is in the fields, at least at its cost, those laborers will not be paid because there will be no money to do it; and that condition of things will soon arrive.

After the war with Spain we began to rebuild our factories and to plant again our cane fields, which had been burned and destroyed during the three years of insurrection. For this purpose all our resources were employed, with the hope that we should enjoy closer relations with this country, our commercial fatherland before and since the war; for although we were a Spanish possession up to 1898 our market had always been the United States.

But Cuba is a very unhappy country. During 400 years of Spanish rule, we vainly asked for assistance to our industries; and the failure of Spain to grant it was the principal cause of our revolutions. Now that we have passed from Spanish rule to an American protectorate, we are again struggling. We are here to ask you to give us a helping hand; and we will show what we can do for the benefit of both coun-

tries, and make you proud, in the course of time, of the work you have undertaken.

The increase in Cuba's production of sugar within three years from 300,000 tons to 800,000 tons (which we expect to make this year) is the result of peace and hard work. But it does not mean that we can continue to increase at the same rate. We made over 1,000,000 tons of sugar before 1895, and we had enough factories to make that sugar if there was sufficient cane. To increase our crop now would require, first, the importation of laborers, and second, the erection of new factories. Even if this could be accomplished, I do not believe that we would be able to produce more than 2,000,000 tons a year within the next ten years, by which time the consumption of this country will be over 4,000,000 tons, leaving 2,000,000 tons for home production. I do not see, therefore, how we are going to destroy home production when you will have to import sugar from other countries to supply your own consumption.

Several gentlemen have stated that they would prefer annexation to a reduction in the tariff, because otherwise we would import coolies. We have been free to import that kind of labor for the last twenty years, and yet none has been imported into Cuba. If this is not sufficient to demonstrate that we will not do in the future what has not been done in the past, why will you not give us free sugar on condition that we accept and continue your immigration laws.

The struggle here seems to be more against the sugar trust than against Cuba. The American Sugar Refining Company and Mr. Havemeyer are mentioned more frequently than Cuba. Someone said that we were influenced by them because we had asked for free raw sugar. We did not think of any other sugar, because raw sugar is the only kind we produce.

Whatever reduction is made, I do not see how it can go to anyone else than to the planter and the laborers, just as it has in the case of Hawaii and Porto Rico. There is only one price for sugar in the New York market, and if a reduction is made the benefit of it will go to the sugar grower. No sugar has yet been sold; so I do not see how the sugar trust can own it.

As I have said before, the crop just begun will be made, if it is made at all, at a loss of \$15,000,000, and will bankrupt the whole island, because we have exhausted all our resources. After this country has been so generous as to shed its blood and spend millions of dollars in liberating us from the dominion of Spain, it would spoil the work already done if you now look at Cuba in a narrow-minded way, when she has come under your protection as a consequence of the war, and now begs your aid in enabling her to live and grow and prosper as a civilized people and carry out that stable government which you have pledged yourselves to establish.

Where else can we go? The Platt amendment keeps us from making commercial treaties with anyone else. When we accepted that treaty we were assured by your President that all of his influence would be given to secure us the concessions we now ask you to grant. As your Secretary of War has said in his last report, we have made strenuous efforts to revive our great industry, relying upon fair and generous treatment from the United States; and trusting to your friendship, we have struggled to retrieve the disasters our country have suffered. We accepted the Platt amendment, and we are told that it guarantees us our independence. Of what use to us is independence if our people are to be hungry and our government has not any money? The Platt

amendment is not complete unless you enable us to live as a people and as a nation.

Mr. METCALF. Mr. Mendoza, suppose we should increase the duty on beet sugar coming from Europe. Would that help out the situation in Cuba?

Mr. MENDOZA. It would be the same as reducing the duty. I think if you increase the duty in such a proportion it would be just as Mr. Bliss said about the Cuban custom-house. They intend to leave the duties to the United States as they are to-day and increase the duty on all foreign goods. I think the effect would be just the same.

Mr. METCALF. You think it would be just the same?

Mr. MENDOZA. Yes, sir.

Mr. METCALF. You spoke of the Platt amendment as preventing you from entering into commercial treaties with any other country.

Mr. MENDOZA. Yes, sir.

Mr. METCALF. Senator Platt informed me yesterday that he had such a provision in the original amendment, but that that provision was stricken out.

Mr. MENDOZA. That is the way we all understand it in Cuba. I do not know what you intend to do, but that is the way we understand it.

Mr. DALZELL. The Platt amendment will not bear the construction he puts upon it.

Mr. METCALF. No; but Senator Platt informs me that there was such a provision in the amendment as originally prepared.

Mr. LONG. You state that you were given certain assurances by the President?

Mr. MENDOZA. By President McKinley.

Mr. LONG. By President McKinley, when you accepted the Platt amendment?

Mr. MENDOZA. Yes, sir.

Mr. LONG. Will you state how and in what manner those assurances were given?

Mr. MENDOZA. Well, when the Platt amendment was made they did not want to accept it in Cuba, and commissioners were sent here to say that they would be willing to accept it if some economic concessions were made to Cuba. Then, as Congress was not in session, they were assured that that could not be done at once, but that they should accept the amendment as it had been framed; and the President said that while, of course, he could not promise anything (because that does not depend upon the President), he would use his influence, as I have said, in the direction of our receiving fair treatment and getting some concessions.

Mr. LONG. That was President McKinley?

Mr. MENDOZA. President McKinley; yes, sir; and President Roosevelt has followed President McKinley's policy in that respect, because he supports us in his message.

The CHAIRMAN. Were you a member of the delegation that came here a year or two ago in reference to the Platt amendment?

Mr. MENDOZA. No, sir; this is the first time I have come here.

Mr. NEWLANDS. Mr. Mendoza, where do you live in Cuba?

Mr. MENDOZA. Usually in the country. I am manager of my family's plantation, but my residence is in Habana.

Mr. NEWLANDS. You say that the total production of raw sugar in Cuba this year will be about 800,000 tons?

Mr. MENDOZA. About that.

Mr. NEWLANDS. And the loss on that production you estimate at about \$15,000,000?

Mr. MENDOZA. Yes, sir; I do.

Mr. NEWLANDS. The present tariff on raw sugar is about \$33 per ton, I believe; is it not?

Mr. MENDOZA. Very nearly \$34.

Mr. MCCALL. Does that mean a 2,000-pound ton, or what they call a long ton—2,240 pounds?

Mr. MENDOZA. A large ton—2,240 pounds.

Mr. NEWLANDS. It would be more than that on 2,000 pounds. I have estimated it at \$1.65. Multiply that by 2,000 and it makes \$33 a ton.

The CHAIRMAN. It is \$1.68½.

Mr. NEWLANDS. Then that would make \$37 a ton of 2,000 pounds. The present duty is about \$37 a ton of 2,000 pounds, then. Now, then, if we are to relieve you of the loss which you anticipate on this year's crop, we would have to reduce our duty \$15 a ton, would we not?

Mr. MENDOZA. About 50 per cent; from 40 to 50 per cent.

Mr. NEWLANDS. On 800,000 tons?

Mr. MENDOZA. Yes, sir.

Mr. NEWLANDS. Twenty dollars a ton I mean; \$20 a ton would make it about \$16,000,000.

Mr. MENDOZA. Yes, sir.

Mr. ROBERTSON. Suppose the price should go up?

Mr. MENDOZA. That is, if the price continues as it is.

Mr. ROBERTSON. But if the price rises?

Mr. MENDOZA. Then it would not be as much, of course.

Mr. NEWLANDS. Now, Mr. Mendoza, it is claimed that there is a crisis in the price of sugar throughout the world.

Mr. MENDOZA. Yes, sir.

Mr. NEWLANDS. That this low price is abnormal.

Mr. MENDOZA. Yes, sir.

Mr. NEWLANDS. If you should have a reduction of \$20 a ton on this 800,000 tons for this year only, would not that tide you over and enable things to get to an equilibrium, so that we could form a good judgment for the future?

Mr. MENDOZA. It would; but not for the future, because I think our commercial relations should be established now. There will be no confidence for capital in Cuba if things are done only for one year.

Mr. MCLELLAN. Señor Mendoza, you state that this crisis results from lack of confidence in the future, do you?

Mr. MENDOZA. From lack of confidence, yes; but more from lack of money.

Mr. NEWLANDS. Now, Mr. Mendoza, you heard Colonel Bliss's statement regarding the sentiment there as to political union with this country, or annexation?

Mr. MENDOZA. Yes, sir; I quite agree with him.

Mr. NEWLANDS. Do you agree with him?

Mr. MENDOZA. Yes, sir.

Mr. NEWLANDS. Does he express fairly the sentiment of Cuba?

Mr. MENDOZA. Yes, sir.

Mr. NEWLANDS. And of the Cuban people?

Mr. MENDOZA. Except politicians and that class of people.

Mr. NEWLANDS. Do they form a very large and influential class there?

Mr. MENDOZA. Well, I do not think they do, because all those people together do not own much money. [Laughter.]

Mr. MCLELLAN. They are not like our politicians, then?

Mr. MENDOZA. No; they are not like your politicians. [Laughter.]

Mr. METCALF. Mr. Mendoza, you spoke of a commission visiting Washington and having an interview with President McKinley.

Mr. MENDOZA. Yes, sir.

Mr. METCALF. After that commission returned to Cuba you held a convention, did you not?

Mr. MENDOZA. That was a commission from the convention.

Mr. METCALF. A commission from the convention?

Mr. MENDOZA. The convention first did not accept the Platt amendment, and they sent four or five delegates here—I do not remember how many.

Mr. METCALF. They adopted the Platt amendment with a rider, did they not?

Mr. MENDOZA. With what?

Mr. METCALF. With a rider, or something attached to it.

Mr. MENDOZA. No, no, no; they passed the law with nothing attached to it.

The CHAIRMAN. They proposed to adopt it with an amendment in the first place.

Mr. DALZELL. They did not though.

The CHAIRMAN. No; I say they proposed to do it.

Mr. MENDOZA. After they came up then they assented.

Mr. STEELE. A minute ago you said that you ought to have a concession of \$20 per ton, did you not?

Mr. MENDOZA. I beg your pardon; I did not say \$20. This gentleman [referring to Mr. Newlands] said \$20.

The CHAIRMAN. The gentleman from Nevada said that. When you figured the loss on the present crop of sugar at \$15,000,000, Mr. Mendoza, were you figuring on the price you gave us a few moments ago, at which you sold some sugar just before you came here?

Mr. MENDOZA. A little over the price at which I sold mine.

The CHAIRMAN. At what amount did you figure the price?

Mr. MENDOZA. What price?

The CHAIRMAN. The loss of \$15,000,000.

Mr. MENDOZA. I figure about \$12,000,000 for sugar and \$3,000,000 for molasses, which we can not do anything with. It is an expense.

The CHAIRMAN. You figure it at a cent and a half a pound, do you?

Mr. MENDOZA. No; not so much. I figure it—[Mr. Mendoza hesitated].

The CHAIRMAN. At what price per pound do you figure it?

Mr. MENDOZA. I figure it at about \$40 a ton of sugar. That is the price—a little less than \$40—that we are getting; and what it would cost us would bring \$30,000,000 to the total production of Cuba—

The CHAIRMAN. I think you are not figuring it out right now. I think you had better give us those figures later on, when you have time.

Mr. MENDOZA. All right.

The CHAIRMAN. That is all, I think.

Mr. NEWLANDS. Mr. Mendoza, Palma is the President of the Cuban Republic, is he not?

Mr. MENDOZA. He is not yet the President, they think he will be the President.

Mr. NEWLANDS. Did you see a recent interview with him in New York, in which he declared that the day of annexation was very far off?

Mr. MENDOZA. Well, I do not know whether I read it or not; but he has to say that, whether he believes it or not. [Laughter.]

Mr. RUSSELL. He must belong to the political class, then. [Laughter.]

Mr. MENDOZA. I know I had an interview with him a few days ago, in which—well, I would not care to say what he told me.

(The committee thereupon adjourned.)

COMMITTEE ON WAYS AND MEANS.

Tuesday, January 28, 1902.

The committee met at 10 o'clock a. m., Hon. Sereno E. Payne in the chair.

STATEMENT OF FRANCIS K. CAREY, ESQ., OF BALTIMORE, MD.,

President of the National Sugar Manufacturing Company, member of Baltimore law firm of Steele, Semmes, Carey & Bond, president of Charleston, S. C., Consolidated Railway, Gas and Electric Company.

Mr. CAREY. Mr. Chairman and gentlemen of the committee, the people of our country have been charged with a great many shortcomings by their enemies, but I think we have yet to hear for the first time that hypocrisy is one of our national faults. Perhaps our freedom from it is partly due to a well-developed sense of humor. It follows, I think, that a legislative committee of this character, engaged in the examination of an important public question, usually, before it has finished with it, gets down to the actual realities, no matter what poses have been indulged in by persons interested on opposite sides of the question.

I feel, therefore, no hesitation in beginning the few remarks which you have kindly given me the opportunity to make before this committee, by saying that I believe that the testimony already adduced has established the fact in the minds of the committee, and is rapidly establishing it in the minds of the people of the entire country, that the committee and the nation are really only engaged in reading another chapter in the history of that irrepressible conflict between the American Sugar Refining Company, endeavoring to maintain a monopoly in this country of the sale of refined sugar and to procure for its refineries raw sugar in the cheapest possible market, and the domestic sugar manufacturers who are struggling to obtain a foothold.

It is unnecessary, therefore, that I should remind your committee that among the witnesses whose testimony you have heard in support of the reduction of the duty on raw sugar has been the president of the National Sugar Refining Company, which is operated in close alliance with and is generally supposed to be controlled in the interest of the American Sugar Refining Company. There has been read before this committee a letter from Mr. Spreckels, in which he claims that manufacturers of beet sugar in the United States will not be embarrassed by the proposed reduction; but it is a matter of common knowledge that the American Sugar Refining Company has a very large interest, which is understood to be one-half, not only in Mr. Spreckels's beet-sugar factory, but also in the Western Sugar Refining Company, which is operated in conjunction with it. Other witnesses, like Mr. Atkins, have made no concealment of the fact that they are not only stockholders in the American Sugar Refining Company, but necessarily have close business relations with it, because of the fact that it is in practical control of the market upon which the Cuban planter relies.

Four bubbles, which until within the last few days have served as

arguments of no small weight with the American people, have been blown up by the American company after an energetic pamphleteering of the entire country, all of which, it seems to me, have been incontinently pricked by the investigations of this committee.

First. It had been claimed that we were under moral obligations to the people of Cuba to open our own market to her, even at the expense of our home industry, because in some mysterious way which no one has undertaken to explain our intervention on her behalf had caused her the loss of other markets. I believe it has been proved that Cuba never had any market of any consequence for her sugar but the United States, and that nothing which has happened has in any way changed her relations in this respect. In support of this statement I think I need only refer to the testimony of Mr. Atkins, which will be found on page 40 of the printed record, as follows:

Mr. TAWNEY. What market do you claim Cuba has lost by reason of the war?

Mr. ATKINS. We have not lost any market, but we have lost the possibility of selling sugars at a remunerative price, and that was brought about largely by the course of the United States in stimulating the production of her domestic sugars. In speaking of domestic sugars I refer not only to domestic sugars of the United States proper, but to those of her colonies. Adding that to the same stimulation through legislation in Europe, the United States has done her full share toward bringing about this economic crisis in the sugar markets of the world.

With the passing of this claim for sympathy has passed the foundation for a vast number of newspaper editorials based upon it, although it will be a difficult matter to get out of the minds of the public the impression which its reiteration has created. It has indeed been the most frequently asserted claim upon which the advocates of the reduction of duty have based their appeal to the "sense of honor" of the American people.

Second. The impression has studiously been given throughout the United States that the Cuban population is now in the greatest distress, and is practically in a starving condition. Such excellent and careful newspapers as the New York Times and the New York Evening Post, which are not accustomed to the publication of statements which are calculated to mislead their readers, or which are not believed to be supported by evidence, have clearly been misled in this matter. For example, the New York Times stated editorially on January 10:

Mr. Oxnard has opposed any and all tinkering with the sugar duty, even for the relief of the starving Cubans.

An editorial in the Evening Post last week used exactly similar language, and from such utterances the people of this country had come to believe (and I know that it was my own inference) that a visit to Cuba would develop a condition of great distress, and that emaciated women and children and similar conditions growing out of famine and the difficulty of obtaining employment would meet one on every side. But it has been developed within the last few days before this committee that no such tragic state of affairs exists, and in fact the whole miserable pretense has been torn to pieces by the cross-examination of the witnesses appearing before the committee in favor of the reduction. Thus, on page 36 of the record Mr. Atkins testified as follows:

Mr. TAWNEY. What is the present condition of the laborers outside of the large cities in Cuba? Are they employed or are they generally idle?

Mr. ATKINS. Under normal conditions, sir, the labor in Cuba is not sufficient to go around.

Again, on page 18 of the record:

Mr. COOPER. What is the difference in the price of wages there now and the price of wages before the war?

Mr. ATKINS. Before the war, during the insurrection, wages were very low indeed. The price of wages at the present time—well, I should think that they had increased 75 per cent; but wages before the war, during the three years of the insurrection, were abnormally low.

Mr. Mendoza, on page 66 of the record, made a similar admission:

Mr. TAWNEY. Is labor generally employed on the island outside of Habana?

Mr. MENDOZA. Sir?

Mr. TAWNEY. Is the laboring class more generally employed on the island outside of Habana?

Mr. MENDOZA. It is. All the sugar plantations are working by this time. They are all employed. There is plenty of work for the workmen in Cuba to-day.

Mr. TAWNEY. And at good wages?

Mr. MENDOZA. Well, not very good, because the wages in Cuba increase according to the price of sugar. When sugar is low we can not afford to pay high wages.

Mr. TAWNEY. They are paying now for common laborers as high as \$30 a month, are they not?

Mr. MENDOZA. In some places in the island, but not in all. In the eastern part of the island, which is less populated, the wages of labor are higher.

Mr. TAWNEY. Then this condition of hunger or starvation which you have just outlined or detailed here does not exist to-day, does it?

Mr. MENDOZA. Not yet; it will exist.

It is, therefore, impossible to deny the fact that the American people have been woefully deceived about the true conditions in Cuba, and that the flaming appeals which have been made to their sympathy, and out of which a real public opinion in favor of the extension of aid has been created, have been grossly exaggerated and are in many respects actually fraudulent.

In other words, it is not true that any present distress exists in Cuba, outside of such distress as may exist in the minds of money lenders, who have advanced money on the crops at from 10 to 20 per cent interest; but, to the contrary, it appears that all Cuban labor is employed at wages at 75 per cent advance over the wages prevailing before our intervention; that it will probably be necessary to import labor into Cuba to market the present crop, and that the people as a whole are in a prosperous condition.

This reduces the reality of the situation to the following condition:

A period has come, which is similar to periods through which the sugar industry has passed before, when overcultivation of sugar territory has resulted in overproduction and a temporary low price for raw sugar. The "distress," therefore, is not a present distress, but is a theoretical distress based upon the fear that the low price of raw sugar will continue; that the present crop will be marketed at a loss or without profit; that capital will hesitate to replant for the next crop, and that the failure of capital to replant will make it difficult for labor to find employment, and that distress and labor troubles will ensue, not this year but next.

I think the American people, if the reality of the situation were brought home to them, would feel that they had been grossly deceived. There is hardly any important business in this country which has not had its own troubles of this character; and it will be difficult for capital, which has made miscalculations in handling the Cuban sugar situation, to find any great amount of sympathy in the minds of business men of this country, who have, from time to time, themselves suffered from similar causes.

Mr. NEWLANDS. Right there, let me ask you whether it is not also contended that there is immediate danger of stopping the grinding of sugar in Cuba, owing to the low price of sugar, and that that will result in a lack of employment and distress?

Mr. CAREY. So far as my information goes, I have no reason to believe it to be a fact, and I do not understand that there is any proof of such a claim before your committee.

Mr. NEWLANDS. There is testimony to that effect.

Mr. CAREY. I am bound to admit that my own information upon the subject is very limited indeed.

Third. It has been claimed and claimed again that the result of reducing the duty on raw sugar from Cuba would be the reduction of the price to the American consumer, and the saving of a large amount of money to the people of this country. There ought never to have been any room for doubt upon this subject; but there is no question that this preposterous argument was generally believed to be a sound one until within the last few days, when Mr. Havemeyer himself found it necessary to refute it. I quote from a special dispatch to the Boston Herald of January 21, 1902, in which Mr. Havemeyer is quoted as saying:

The American Sugar Refining Company's attitude has been merely to place before the public the operation of the tariff laws on sugar, and the hope that Congress would remove the entire duty on raw sugar. Any partial removal in favor of any country would accrue entirely to that country and not to the consumers of sugar in the United States.

As the interview from which this extract is made was sent broadcast throughout the United States, it may be considered as an official statement from the trust, and ought to dispose of the question finally in the minds of everybody so far as the benefit to the consumer is concerned.

Fourth. But while it is manifestly true, with or without Mr. Havemeyer's admission, that the reduction of the duty on Cuban sugar would not inure to the benefit of the American people, except temporarily, while Mr. Havemeyer was using it to cripple his competitors, it is equally clear that the reduction would not inure to the benefit of the Cuban planters, except to the Cuban planters in close business relations to the trust.

A member of this committee has recently published a statement which seems to me to present an argument which reached this conclusion, although not intended to do so. In an interview published in the Baltimore Sun, of January 23, Mr. McCall said:

Our beet-sugar industry is a rapidly growing one, and should not be injured, but it seems clear that it would not be affected at all by a moderate reduction in the duties on Cuban sugars. So long as we import, in addition to Cuba's crop, a great mass of sugar paying the full duty, raw Cuban sugar in New York will bring the foreign or Hamburg price, with freight and full duty added. Either that or there will be two prices for the same grade of sugar in the same market. The full benefit of a moderate reduction would inure to the Cuban producer. The prime ground for a concession is not to secure an increased trade, but that we may inaugurate the new Cuban government under the most favorable auspices. The success of the little republic is highly important to ourselves. It will mark the noblest result of the war with Spain, and also aid us to solve righteously our insular problems in another part of the world.

I think Mr. McCall missed his aim——

Mr. McCLELLAN (interrupting). What do you mean to imply by that? Mr. McCall is not here to-day.

Mr. CAREY (resuming). Nothing at all which could possibly be construed into disrespect. I only wish Mr. McCall were here, because I believe he would follow me in the line of argument I am now making. I was about to say that Mr. McCall put the market at New York instead of correctly at Matanzas; and I claim that it is absolutely demonstrable by Mr. McCall's own line of argument, after you have put the market at the proper port, that inasmuch as the American Sugar Refining Company controls the market for raw sugar in the United States, the Cuban planter, who is not in close alliance with Mr. Havemeyer, will be sure to find himself in the following position:

We will assume that a Cuban planter has a thousand tons of sugar to sell at Matanzas; that Mr. Havemeyer, controlling the market for the raw material in this country, goes to the Cuban planter to buy it. The Cuban planter has two markets only open for him—the world's market at Hamburg, as Mr. McCall properly argues, and the New York market, controlled by the American Sugar Refining Company. Now, let it be assumed that Mr. Havemeyer is bidding with the Cuban planter for this sugar. Will not the Cuban planter say to him: "Mr. Havemeyer, you have been previously paying me such and such a price for my raw sugar. I now ask you to pay me an additional price of half a cent, because of a reduction of the duty to an amount equivalent to that, and because when you get the sugar to New York you will have less duty on the sugar than you did before." Will not Mr. Havemeyer's answer to it be: "I do not think I want any sugar to-day."

Now, what will the result of that be? Must not the Cuban planter either sell at Mr. Havemeyer's price or else store his sugar at high rates of interest, and will not the man with the longest purse win out? In other words, will Mr. Havemeyer pay to any Cuban planter a higher price for his sugar than any other person will pay him for it, and is not the inevitable result of that argument that if the duty is reduced the trust must inevitably obtain the lion's share of the reduction? Does it not follow from this fact that the reduction will inevitably add to the resources of the trust and that the trust will use these additional resources, first, to embarrass the American beet-sugar producer, which it can then do without loss, and after having driven out competition, to pay additional dividends upon the common stock?

It is not exactly true that the consumer will not benefit by it, because while this war goes on the consumer will benefit by it just as the consumer benefited by Mr. Havemeyer's attack upon the Colorado factories in October, 1901, when he reduced, or pretended to reduce, the price of refined sugar to $3\frac{1}{2}$ cents a pound. I am coming down to the details of that before I get through. The consumer will get the benefit of it during that fight, but the fight over, what happens? Is there any man with any reason who will not say that after Mr. Havemeyer has disposed of his only competitors in Louisiana, in Colorado, in Michigan, in Nevada, in Wisconsin, and in California he will then, controlling the market absolutely, put the price of refined sugar higher than it ever was before by reason of the very action which this committee proposes to take?

There are citizens of your own country, Mr. Chairman, who deserve your sympathy, approval, and support, as well as the members of the Cuban population. If you will take the trouble to listen to the history of our own factory at Sugar City, Colo., I think you will believe that

there are courageous, enterprising, money-spending Anglo-Saxons in this country who are quietly engaged in meeting their own troubles and difficulties without shedding tears or asking the public to shed tears for them; and after you have taken that trouble, I think you will understand what I mean when I say that no matter what the American Sugar Refining Company accomplishes, with or without the reduction of duty on raw sugar, we propose to stand up to our responsibilities until our money and our credit have both left us.

[Mr. Carey then laid before the committee a number of photographs showing the plant and property of the National Sugar Manufacturing Company at Sugar City, and also showing its irrigation reservoirs, canals, etc.]

Our company owns and operates a 500-ton plant at Sugar City, Colo., and also owns over 12,000 acres of irrigated land, in the midst of which our factory is located. We receive our water for irrigating purposes partly from the regular run of the Arkansas River, with which our company's lands are connected by the Colorado canal; partly from water stored in the Twin Lakes Reservoir, located in the heart of the Rocky Mountains, over 9,000 feet above tide level and about 200 miles from the factory, and partly from water stored in Lake Henry, which is an artificial reservoir adjoining the company's lands, connected by the Colorado canal with the Arkansas River and connected with the factory by a 30-inch pipe line about 4 miles long. The three supplies give the entire acreage owned by our company an inexhaustible supply of water for irrigating purposes.

Our company is cultivating for its next campaign in a single tract about 4,000 acres of its own land, which is, I think, the largest beet farm under one labor organization in the world, and which is in addition to acreage under cultivation by independent farmers. When the foundations of our company's factory were laid, about two years ago, at what is now Sugar City, they were surrounded for miles with barren prairie land, wholly unfitted for any agricultural purposes, and unfit for the habitation of man, until, by the expenditure of a great sum of money, water was procured by irrigation. If your committee or an independent investigating commission will visit Sugar City now, they will find an incorporated town with over 2,000 inhabitants, wholly dependent for their existence on the success of our company's business operations, which now result in the distribution of an average of about \$1,000 per day during the entire year for supplies, wages, payment for beets to farmers, etc. This population has used part of the high wages paid to it to supply itself with churches, schools, a domestic water supply, and a fire department, and is now planning a sewerage system, etc.

The persons composing my company invested their money in Colorado in the belief that if they cooperated with the Government in overcoming the expenses and difficulties encountered in the early stages of the beet-sugar industry in that State, they would be fairly treated, and that the Government would not change the business relations of the industry to the tariff until a reasonable opportunity had been afforded them to recoup the losses which are invariably encountered in pioneer work of this character.

The relations of the United States Government to the beet-sugar industry have been different from those maintained by it toward any other industry in this country. The Government has not confined

itself to the establishment of a protective tariff, but has done an immense amount of missionary work to induce capital to invest in the business, and to induce farmers to abandon other crops and devote themselves to the cultivation of the sugar beet. It has sent out agents to address meetings in various sections of the country; it has issued a vast amount of literature in the shape of annual reports to Congress, and circulated these reports throughout the country under Congressional instruction, and it has, in a variety of other ways, used its power and influence to induce capital to unite with us in furnishing to farmers and others a new industry for their employment and profit, thus saving to the people of the United States the expenditure of enormous sums of money in purchasing sugar from other countries.

The editor of the New York Evening Post, a paper for which I have the profoundest respect, took me to task about this last position in an editorial comment upon a letter which I published in that paper. I was told that, as a lawyer, I ought to have known that one Congress could not bind another, and that my associates and I, when we invested our money in the beet-sugar industry, took the chances of the change in the tariff by a succeeding Congress. My answer to this criticism is that the mere fact that Congress has the constitutional right to be guilty of an act of bad faith did not justify the assumption on our part that it would, in fact, be guilty of such an act.

Let me give an illustration:

You all remember that when the Dartmouth College case established the doctrine that a charter between a State and a corporation was an inviolable contract, State after State put clauses in its constitution to the effect that no charter passed by the State after the adoption of that constitution should be an inviolable contract, but that it should be subject to alteration, amendment, and repeal. Now, if this theory of my distinguished friend, the editor of the Evening Post, were correct, it would mean that a corporation taking a charter to-day from a State legislature must assume that the money invested in it was liable at any time to be wantonly attacked by arbitrary amendment or repeal of the contract.

Mr. McCLELLAN. Would not your idea lead to the theory that any reduction of the tariff would be an act of bad faith on the part of Congress?

Mr. CAREY. Any reduction of the tariff which so far changed the relations between the tariff and the beet-sugar industry as to prevent it from profitably transacting its business, or to give the American Sugar Refining Company a chance to destroy it, would in my opinion be an act of bad faith on the part of Congress. I think the proposed reduction would lead to that result.

Mr. RICHARDSON. Do not all reductions of the tariff impair industries?

Mr. CAREY. No; I do not think they do. They reduce the profits of the industry; but I think there is such a thing as reducing a tariff with justice after an industry is able to earn a reasonable profit without keeping the tariff at the original figures.

Mr. RICHARDSON. Would you like, then, to have the tariff on raw sugar reduced when that time comes?

Mr. CAREY. Frankly speaking, I suppose I would not; and to answer your question fully, I think it is quite likely that if in the future an effort is made to reduce the tariff on sugar the beet-sugar

interests will still oppose the reduction, because it will reduce their profit. I suppose that opposition will appear even if a reduction in the tariff is then fair and desirable. But that is no answer in the present condition of affairs to the claim that the tariff ought not now be reduced. What I am now claiming is that if to-day you reduce the tariff on raw sugar, before my company has been given even a chance to make back its heavy preliminary losses, I would say that the Government was unjust and unfair to our company.

Mr. McCLELLAN. Do you think the beet-sugar industry will ever be able to stand on its own feet?

Mr. CAREY. I do; and I think I will prove that fact to you before I get through.

Mr. McCLELLAN. In other words, they will practically drive the Louisiana sugar planter out of existence as soon as they can stand without a tariff?

Mr. CAREY. I think I will confine myself to the beet-sugar industry. I have no knowledge of the Louisiana situation, and can not speak intelligently in regard to it.

Mr. GROSVENOR. Upon this other question, which you have gotten hold of in some way, your attitude is that it is not the proper instrumentality of government to legislate through its taxing power to build up one industry and destroy another, is it?

Mr. CAREY. I do not think I made use of that argument.

Mr. GROSVENOR. Then you do not object to building up one industry and destroying another?

Mr. CAREY. I do not concede that building up the beet-sugar industry would destroy any other industry.

Mr. GROSVENOR. But suppose we take the taxing power of the Government and make free trade in sugar. That is what I am trying to get at. Now, I am on your side very strongly. [Laughter.] We have reached an era in American politics where the weapon of Federal taxation is constantly being used to destroy one American industry and build up another American industry; and I want to know what your views on this subject are.

Mr. CAREY. I think I prefer not to express them. [Laughter.]

Now, Mr. Chairman, to conclude the argument I was pursuing when I was interrupted, I say that corporations have found by experience that notwithstanding the reserved rights of legislatures under State constitutions there is a higher law, namely, that of good faith and fair treatment, which protects corporate investments under a repealable charter, and always will protect them; and except in cases of gross misbehavior of some kind on the part of the corporation it is almost an unheard-of thing for a State to change the charter contract in any arbitrary manner.

In finishing up this subject I would like to toss back to Mr. Cleveland, for whom also I have the greatest admiration and respect, the little bunch of flowers which he has thrown to the American beet sugar maker; and I will quote back to him, with a little different application of his language, the concluding paragraph of his letter to Mr. Farquhar:

I do not believe that nations any more than individuals can safely violate the rules of honesty and fair dealing.

Coming down now to the question of producing sugar in Colorado, I wish to be understood as saying in the most explicit manner that it

is my honest belief that our factory at Sugar City will within a reasonable time manufacture sugar at 3 cents a pound.

Mr. NEWLANDS. That is refined sugar, is it?

Mr. CAREY. Refined sugar.

The foundation for my belief is as follows: It has been proved, I hope, that the irrigated lands of Colorado under proper treatment and after a reasonable period of cultivation will produce an average of ten tons of sugar beets to the acre, with sugar contents of over 17 per cent, and with a coefficient of purity of nearly 85 per cent. I believe that when local conditions have been thoroughly studied and are better understood, after the farmers have been taught to raise beets, and after what are now practically the deserts of Colorado have been reclaimed by irrigation and industrious and capable farmers have been induced to settle in large numbers in the neighborhood of the factory, it will be entirely possible to obtain beets for the factory at \$5 a ton or less, including the cost of delivering the beets to the beet shed. I also believe that modern American machinery, in the hands of high-class American mechanics, under normal labor conditions, will be able to treat the juices of the beets at perhaps 1 cent per pound for each pound of standard fine granulated sugar made.

Mr. TAWNEY. Do you claim that in order to bring this about it is necessary to continue protection?

Mr. CAREY. I am coming to that. I claim that if my plant is protected from the attacks of the trust for a few years it will be able to sell refined sugar at 4 cents a pound and make a profit of at least 1 cent. I have only one qualification to make, and I do not expect this to prove a difficulty, viz, that the industry has not been long enough established in Colorado to determine in a positive way that irrigated beet lands in that State will continue to produce beets of such high sugar contents and of such purity; and I may add that it can not yet be determined how soon and to what extent and at what expense it will be necessary to fertilize the land for successive crops.

I will now answer Mr. Tawney's question more specifically. I believe I have shown that the beet-sugar industry in Colorado is worth protecting, and that the result of protecting it will be a gradual reduction in the price of sugar; and I now claim that it will be a gross breach of faith, as well as bad policy and bad political economy, to open the door for the destruction of the industry by the American Sugar Refining Company while we are fighting our way through pioneer conditions and encountering the expenses and business resistances which such pioneer work necessarily involves.

Let me speak for a moment of these business resistances which have to be overcome in establishing a factory in a wilderness. Our company has paid the traveling expenses of most of our labor to Sugar City from distant points—

Mr. TAWNEY. Do you mean from other States or from foreign countries?

Mr. CAREY. From Nebraska, Kansas, and other States of the United States. We have not only had to pay their traveling expenses, but have had to pay them \$1.75 per day to hold them at Sugar City.

I have already explained to you, Mr. Chairman, what the American laborer does with his high wages at Sugar City. He does not spend them in riotous living. When I left Sugar City about a week ago the foundations were being laid for a beautiful \$10,000 public school build-

ing, of which this is a photograph [exhibiting photograph] taken from the architect's design. The American laborer can not live on bananas, sleep in the open air, and wear one piece of clothing; or if he can he won't. He may have been an adventurer before he came to Sugar City; but he follows the American way, and immediately has ambition for a home, for the education of his children, and for the other muniments of decency and self-respect.

That is one of the reasons why sugar costs more to make in the United States than it does in Cuba. But, Mr. Chairman, American ingenuity and skill very soon help to offset this additional expense; and that is why I say now that after we have learned how to handle our situation we will make sugar in Colorado for 3 cents a pound; and I am not afraid to say that we will make it for a lower figure than that when we find a way of disposing of our by-products and have reduced the cost of labor down to a normal American figure.

Again, the cost of supplies is now abnormally great. Freight rates are very high. Farmers are few in number, almost without means, widely scattered, and easily discouraged, so that at present the company is raising most of its own beets as well as advancing large sums of money to farmers and lessees. The cost of irrigating and working down the raw sod land is very great, and until the ground has been under cultivation for one or two years the cost of beets grown upon it is so high as to add greatly to the cost of the manufactured article. There is practically no market for the company's pulp. In Germany the beet-sugar manufacturer gets back large sums from the sale of pulp.

Mr. NEWLANDS. Why can you not do that?

Mr. CAREY. Simply because we are in a country where you can turn cattle loose in the prairies and they can feed themselves. There will be no market for our pulp until we settle up surrounding land, or else discover some method for drying and sacking it so that it can be shipped to distant points at a reasonable cost.

The CHAIRMAN. The Germans dry it now, do they not?

Mr. CAREY. I think they do, and there is an experiment in this direction now being made in Michigan.

There is no better illustration of the relation of by-products to an industry than the history of gas in this country. The reason gas sells to-day for \$1 a thousand feet as compared with \$2 and \$3 a few years ago is that the gas manufacturer has found a profitable use for his by-products; and it is for a similar reason that sugar will be manufactured some day in this country at a net cost to the factory of 2½ cents a pound. We have so far been unable to make any use of our molasses, of which we have accumulated over 100,000 gallons; but with the proper adjustment of the revenue laws I believe we can make alcohol out of it. I believe, moreover, that some ingenious American will some day discover a fertilizing use for our lime cake.

I could give you a multitude of other reasons why we need time to get our industry down to a normal basis; but I could very easily convince your committee, if you would take the trouble to go to Sugar City, that we are doing everything that money and enterprise can do to make our difficulties disappear as rapidly as possible.

I now come to another question, which I approach with great diffidence. It is my honest opinion that the discussion of the sugar tariff ought to be promptly abandoned altogether, because the continuance of the agitation is causing the beet-sugar producers great loss. The

very necessity of putting our private affairs before the public is an injury, and it is wholly unfair that we should have to do so until the American Sugar Refining Company is also forced to show its hand. Mr. Havemeyer is gaining a large part of the purpose he has in view simply by bringing about and continuing this agitation; and while there is no occupation so fascinating as the public study of other people's affairs by a legislative committee, it must be remembered that while your committee is discussing us the beet-sugar industry is on fire.

Every large business enterprise relies partly upon bank credit, and it is not in good business hands if it is not a borrower of money in the ordinary course of its business. Its stocks and bonds are in the hands of many persons who find it necessary to use them for credit. It must go without saying that the result of the agitation up to date has been to so terrorize capital as to make it hesitate not only to enter upon the construction of new factories, but to furnish business accommodations to factories already in existence.

I claim that if the duty is now reduced as the result of the agitation set on foot by the trust, capital would have more than reasonable ground for inferring that the trust would in the near future procure the removal of the duty altogether. Mr. Havemeyer's recent public statement, from which I have already quoted, is the official announcement of the trust that free sugar is its purpose and hope, maintaining the tariff only on refined sugar.

I earnestly hope, therefore, that your committee will reach some conclusion in this matter, and announce it with absolute distinctness, before the beet-sugar makers have entered upon the expenses of another campaign, and that the agitation will then be abandoned. But, if you must continue the agitation, it does seem to me reasonably clear that, until Congress or the President will appoint an impartial commission for the study of the question in all of its agricultural, manufacturing, and scientific bearings, and until the alleged facts in regard to Cuba are given a more substantial foundation by an impartial study of them on the spot, it will be perfectly impossible for a committee of Congress to pass upon the subject justly or intelligently.

Mr. McCLELLAN. How are you going to stop the agitation? Are you going to apply the Dartmouth College case here?

Mr. CAREY. That is something you will have to settle for yourselves. I do not feel at liberty to give my opinion on that subject. I think the agitation can be stopped; it has been stopped in regard to other industries. Other industries are allowed to go on without being pulled up by the roots every year. Moreover, I think I may take the liberty of saying that there is not a member of your committee to-day who can truly say that he understands what the situation in Cuba is, after the admission made by Mr. Atkins and Mr. Mendoza; or what the relations of the American Sugar Refining Company are to the Cuban crop; or what will be the result in Cuba and in this country of the adoption of a bill reducing the duty by 20 per cent. At least give the beet-sugar industry the benefit of an investigating committee, empowered to summon witnesses and examine them under oath.

Has not the question, under the present form of examination, reduced itself to this: Are you not called upon to decide between the good faith and accuracy of partisan statements made on the one hand by the supporters of the trust, and on the other by the supporters of the

beet-sugar industry? Not one of you have ever seen me before to-day, and you can not possibly tell whether I am making a full disclosure to you or whether I am ingeniously trying to create a plausible situation. An investigating committee, by a visit to Sugar City, would determine the merit of my position in a day.

It is because you must place your confidence in the truthfulness and accuracy of such partisan statements that I feel called upon to mention one statement contained in the annual report of the American Sugar Refining Company. The language used by Mr. Havemeyer in this report (I am reading from the report as printed in the New York Sun) is as follows:

The farmers have received no more for their beets since the tax was reimposed than when sugar was free in 1891, 1892, and 1893.

This official announcement, with all the weight and dignity which an announcement from such a great corporation would naturally carry, was sent broadcast through the United States by the Associated Press, and had its influence in every town and hamlet from one ocean to the other. The statement astutely and unfairly concealed from the public the fact that the Government gave a bounty of 2 cents a pound on beet sugar during the free-trade period, and that during that period beet-sugar manufacturers were better able to pay a higher price to beet growers than they are to-day. While the deception was exposed by Mr. Oxnard in the New York Herald, it is unnecessary to say that truth might put on four-league boots and never be able to catch up with a misstatement of that character, coming from such a source.

Do not believe, Mr. Chairman, that in using Mr. Havemeyer's name in this connection I am descending to any personal abuse of him. I do not even know that he wrote the objectionable statement; and I only have used his name in this argument because his great ability has made it usual to refer to the great corporation of which he is president in that way. The truth is that the subject we are discussing is more important than any individual connected with it, and I am not so foolish as to argue to a committee of sensible men that it can be a subject of criticism that the president of the American Sugar Refining Company is doing his best (and his best is very brilliant work, indeed) to prevent the beet-sugar industry from eating into his monopoly in the United States. Indeed, I am the last person to forget the fact that the American Sugar Refining Company is a splendid result of American ability and courage; that it manufactures for the American consumer as good sugar as is made in the world, and that it conducts its business in an aggressive and up-to-date fashion. But in measuring the reliability of the partisan statements, which are your sole reliance in this case, I have the right to call attention to the fact that the statement to which I have just referred was a willful fraud upon the American people and this committee.

As I have mentioned the Associated Press, I think I ought to say that I do not mean for one moment to criticise its relation to this matter. I believe it is one of the institutions in this country which no corporation is big enough to buy and no corporation is strong enough to influence.

I now come to the war upon the Colorado factories made by the trust last fall.

When the sugar war broke out in California last summer, Mr.

Havemeyer made this utterance (I quote from the New York Sun of July 23):

And there is one thing more I have noticed in the papers recently, that the sugar trust is back of and interested in the fight which Spreckels is making against Oxnard in California. Our company has nothing whatever to do with that fight. The fight was brought about through the consumption of beet sugar not equaling the production. Oxnard wants to work off some of his superfluous product, and he thinks that if he can make it appear that he is fighting the trust he can get rid of the left-over beet sugar. Our company is not at all interested in that fight, but I know something about the fighting qualities of Spreckels, and I do not think Oxnard will win.

I remark, in passing, as I have already stated, that the trust has large interests with Mr. Spreckels in California; that Mr. Havemeyer's statement in regard to the consumption of beet sugar not equaling the production was absolutely untrue, and that the concluding sentence of the interview seems to me to have been unnecessarily brutal and malicious. However, I do not quote the article simply to call attention to those matters.

A very short time after making the statement which I have quoted, the trust cut or pretended to cut the price of refined sugar in the Missouri Valley to $3\frac{1}{2}$ cents a pound. The cut was made for the purpose of embarrassing the Colorado factories under their sugar contracts, which guaranteed the price against decline. Our factory had sold about 3,000,000 pounds of sugar at the then market price of \$5.12 per 100 pounds, f. o. b. Kansas City, guaranteeing the price against decline; and other Colorado factories had sold much larger amounts on the same terms. The trust anticipated that its action in creating or pretending to create the $3\frac{1}{2}$ -cent market would force the delivery of our beet sugar under our contracts at \$3.40 per 100 pounds, allowing the ten points differential between cane and beet sugar. The only fact which saved the Colorado factories from destruction was that the trust could not then buy its raw sugar in New York at less than \$3.75 per 100 pounds, so that after adding the refining cost and freight, an open market of \$3.50 for refined sugar would have caused the trust a loss which even its great resources could not stand. Our factory refused to recognize the cut, built an additional warehouse for the storage of its sugar, and offered to fill all its contracts by purchasing cane sugar if it could be purchased; and the other Colorado factories taking the same position, the trust was forced to back down.

MR. COOPER. Was that the result of a combination of the beet-sugar interests? I understood you to say that you controlled the prices, and drove Mr. Havemeyer from the position he assumed.

MR. CAREY. I said that Mr. Havemeyer refused to sell us sugar, and that the attack turned out to be of no value against us.

MR. COOPER. Did you combine against him?

MR. CAREY. No.

MR. COOPER. I understood that you refused to sell your sugar, and bought his?

MR. CAREY. We tried to buy it, but he would not sell it to us.

MR. SWANSON. He offered it to your customers, but would not sell it to you?

MR. CAREY. He offered it to our customers, but would not sell it to us; and I want to say right here that the conduct of the wholesale grocers in the Missouri Valley was a fine example of decent and honorable fair play. They refused to be a party to the fraud which the trust tried to practice upon us.

Mr. ROBERTSON. That is right; it was a fraud pure and simple.

Mr. HOPKINS. That would be true, would it not, even if concessions were made to Cuba?

Mr. CAREY. It would be more than true. If you cut 20 per cent off the duty and give Mr. Havemeyer cheaper raw sugar at the port of New York, it would simply mean that Mr. Havemeyer would be better able to attack the beet-sugar producer at such points as the Missouri Valley.

Mr. HOPKINS. Why could you not do as you did before and turn the tables on him?

Mr. CAREY. Simply because it is a drop in the bucket for him to lose enough money to destroy a particular factory.

Mr. HOPKINS. Yes, I know; but if he sends it out there where you can buy it and send it to other points at a profit, it is a good thing for you.

Mr. CAREY. But he is very careful—

Mr. SWANSON. He will not sell it to you, will he?

Mr. CAREY. In the first place, he will not sell it to us; he sells it to our customers. He would do it in the way he did it last fall; he would only sell one carload or two carloads to any one wholesale grocer, and if a man controls the market as Mr. Havemeyer is bound to control it until we get a little bigger—

Mr. HOPKINS. But one carload or two carloads do not make the market.

Mr. CAREY. They do not make the market, but they pretend to make the market. You can not get the wholesale grocer to buy sugar at \$5 when somebody else is buying it, even in small quantities, at \$3.50. The market simply stagnates.

Mr. HOPKINS. Why can you not invade his territory as he invades yours?

Mr. CAREY. Well, if you will supply the capital, we will, but we have not yet become quite big enough to encounter an \$80,000,000 trust in the New York market. We may be able to fight it out on that line some time, but we can not yet.

Now, I am coming down, in conclusion, to the question of the moral obligation of the people of the United States to the people of Cuba, which I have already referred to in beginning my argument. I think it may be stated as a general proposition that moral obligations, like charity, begin at home. It seems to me equally clear that if the administration is bent on "doing something for Cuba," it would be fairer, as well as more prudent and more efficacious, if the nation were generous out of its own Treasury rather than out of the treasury of the domestic sugar makers. If it were thought necessary to make a gift of money to Cuban bankers and planters to meet the temporary low price of raw sugar caused by overproduction in Europe, I suggest that the nation, as a whole, satisfy its sense of honor and generosity by ordering the payment of this gift out of the Treasury of the United States into the treasury of the Cuban Republic, to be distributed by the latter government as it saw fit. I think it is rather easy to be honorable and generous and to feel a high sense of duty at other people's expense, and if the conscience of the nation really reproves it, it will be an easy matter to follow its leadings without striking down a valuable and promising industry. Personally, I have no such qualms of conscience, nor have I been able to find any reason for them.

Certainly the pretense that we have taken away one of Cuba's markets has been entirely exposed. The only reason there is any change in the American market for raw sugar is that the world has made too much sugar.

So far as reciprocity is concerned, it seems to me utterly unfair to see sight of the enormous number of white citizens of the United States whose welfare is directly involved in the maintenance of the beet-sugar factories, and of the great sum of money which is put into productive circulation by the operations of factories for the benefit of farmers, machinists, agricultural implement makers, barrel and bag makers, steam railways, etc.

Mr. HOPKINS. Are you opposed to this Government entering into any reciprocal agreement with any country?

Mr. CAREY. That is too broad a question. I can not say that I am.

Mr. HOPKINS. Are you opposed to this Government entering into any reciprocal agreement with Cuba?

Mr. CAREY. I am opposed to its entering into any reciprocal agreement with Cuba which will enable the trust to buy raw sugar from Cuba at such a price that it can break down the beet-sugar industry. That is the limit of my argument at present. [Laughter.]

Mr. HOPKINS. But that is an assumption on your part.

Mr. CAREY. I have proved it.

Mr. HOPKINS. Suppose the Government of the United States can enter into a reciprocal agreement with Cuba by which, by making a reasonable concession on sugar, we can get a broader market for some of our agricultural products and some of our manufacturing products, do you say that that ought not to be done, because you are engaged in the beet-sugar industry?

Mr. CAREY. Now, I will answer that question fairly and squarely—

Mr. HOPKINS. Do you not know that protection to sugar itself—

Mr. GROSVENOR. You have asked him a question, now let him answer it.

Mr. CAREY. I would like to answer the question first, because I do not want you to be misled about my position. If an investigation, made in a dignified way—I do not mean that exactly, because, of course, this investigation is being made in a dignified way [laughter]—but if an investigation made in an orderly, legal fashion, where exact facts are gotten at by the examination and cross-examination of witnesses under oath, proves that there is anything whatever in this alleged Cuban distress, either now or for the future, I say that I would be the last person in the world to oppose the relief of it, and would gladly pay my fair share. Whether it exists or not, if the conscience of the nation is troubled about its treatment of Cuba, or if it feels overwhelmed with a sense of duty or honor to the Cubans, I say for Heaven's sake give the relief. I do not begrudge it. I only ask that it shall be given out of the Treasury of the National Government and not out of the treasury of the beet-sugar people.

Mr. HOPKINS. One moment; I want to ask a question right there.

Mr. CAREY. Let me finish my statement.

The CHAIRMAN. Let him finish his answer.

Mr. HOPKINS. He has finished the answer.

Mr. CAREY. I beg your pardon, I have not finished it. I say again that if the conscience of this country reproves it, it can follow the leadings of its conscience without the slightest difficulty, without wan-

tonly attacking the interests of a promising and important industry in this country. Now I have answered your question.

Mr. HOPKINS. Yes. Now, you have assumed that any reduction in the duty imposed upon sugar is an attack upon the beet-sugar interests. That, in my judgment, is an assumption that is not founded on fact. I believe from the investigation I have made that a reduction of a certain percentage can be made in the duty and still the beet-sugar industry be protected. I would like to hear from you on that point.

Mr. DALZELL. He has been all over that subject. He discussed it before you came in.

Mr. TAWNEY. One of the leading men who appeared here in behalf of a reduction admitted that it would destroy cane sugar.

Mr. GROSVENOR. Allow me to ask you a question; and don't get me on the wrong side, either.

Mr. CAREY. I will assume that it comes from a friendly source this time.

Mr. GROSVENOR. Is it possible, in your judgment, to make a concession to Cuban sugar that will benefit the Cuban people and still not injure the production in the United States of cane and beet sugar?

Mr. CAREY. I do not think anything about it; I know that it is not.

Mr. GROSVENOR. Nobody could help knowing that who knew enough to put two and two together.

Mr. HOPKINS. That is a pretty broad statement to make, but I would like to have figures on it.

Mr. CAREY. Well, if you will only give us an orderly opportunity to produce our figures, we will only be too happy to give them to you. How, Mr. Chairman, do you suppose does this committee expect to get at facts? Do you expect to get at facts which have scientific bearings, which have agricultural bearings, which have intricate business bearings, in a town meeting?

Mr. DALZELL. We have fifty pages of facts in the record which we have been making for the past few weeks.

Mr. HOPKINS. They claim that any reduction in the tariff rate on sugar is going to be an injury to them.

Mr. DALZELL. A dozen witnesses have testified to that.

(The Chairman rapped for order.)

The CHAIRMAN. This discussion is not in order. If any gentleman of the committee wishes to ask Mr. Carey questions, we will listen to the questions; but the discussion will come afterwards.

Mr. CAREY. Now, Mr. Chairman, if you will allow me, I will finish my statement.

Mr. RICHARDSON. Let me ask you a question on this very point. Do you not think the recommendations made by the President and by the Secretary of War and by General Wood, who have investigated these questions, are made after careful investigation?

Mr. CAREY. Well, that is a very delicate question to answer. I will say one thing—that anybody who doubts the entire sincerity and good faith of President Roosevelt or General Wood or the Secretary of War is a jackass. That is my view of the situation. [Laughter.] But they have all based their recommendations on what they believe to be facts, but which have been proved not to be facts by the testimony brought out by this committee. All of us have read General Wood's article in the Outlook, and I think a fair criticism of it is that he does not under-

stand the business—agricultural and scientific details of the beet-sugar business in the United States—and that he is not competent to pass upon them, and that there is nothing in his training as an army officer which would make him competent to discuss the subject, at least not until after a thorough study of it.

So far as President Roosevelt is concerned, I feel confident that if he thought Mr. Havemeyer had the right side of the question and he wanted information from him, he would not hesitate to send for him to come to the White House; and I pay a fine tribute of the American people to his character when I say that the most suspicious American citizen would not draw any wrong inference from the visit. The beet-sugar industry has supreme confidence in the President's courage for all purposes, even if a change of position is necessary after he had become satisfied that the information upon which he had based his recommendations was incorrect.

The President of the United States, in his desire to promote the public interest of the country, has been vastly interested in the movement for reclaiming the arid lands of the West by the building up of reservoir supplies. I think it is fair to say that it would be useless to go to the expense of reclaiming these lands unless a profitable agricultural use could be found for them. I do not believe that the cost of irrigation will permit the growth of cereals on such land. I think they can only be profitably used for crops producing a large profit to the farmer, like fruit and sugar beets.

Upon one occasion an officer of the Agricultural Department said to me that he thought the irrigated lands of the West would be the salvation of the beet-sugar industry. My reply was that I thought the sugar-beet industry would prove the salvation of the irrigated lands, because they could only be profitably used for some intense form of cultivation, resulting in a profitable crop with a certain market, and that in the discovery of the fact that the sugar beet could be advantageously grown on irrigated land the best hope for the reclamation of such land had been found. I think it will go without saying that while the sugar-beet industry has found it possible at least for the present to raise beets in Colorado with a higher sugar percentage than those grown in the "rain belts," it will be many years before the cost of water, labor, freight, and distribution of product ceases to offset this advantage.

Before concluding, Mr. Chairman, I wish to express my gratitude to this committee, first of all for having made this appointment for me, and then for having listened so patiently and courteously to what I have had to say. If I have spoken too earnestly at times I hope those gentlemen who may be disposed to criticise me for it will accept my apology. I have taken it for granted that you would be better pleased if I expressed myself in plain language, without any attempt to find favor in the sight of the irreconcilable enemies of our industry, or to waste the time of its friends.

It has been no easy matter for the beet-sugar producer to keep his temper. Successful pamphleteering, backed by the recommendations of the Administration, has so distorted public sentiment that we have been almost without newspaper support, and have been the subject of much newspaper misrepresentation.

So far has this feeling of hostility been carried that it has been cheerfully suggested in more than one quarter that the people of the

United States would view the abandonment of the beet-sugar factories with the greatest complacency, if thereby a reduction could be made in the price of sugar to the consumer. It is because of the recollection of such expressions that I am closing my argument with what may seem like bitter words.

It is an easy matter to speak lightly of the ruin of other people's business affairs, but I take the liberty of saying that it is my solemn opinion that the ghosts which will haunt the ruins of our abandoned factories will chatter unceasingly at the heels of that political party which makes itself responsible for their abandonment. The political parties of this country have made other great mistakes for which they have dearly paid. One of those mistakes has been recorded in verses which are now part of our national history, and the distinguished member from Kansas will know what I mean when I quote from them:

"John Brown, Ossawatimie Brown,
Is bound to give you trouble, if you nail his coffin down."

Mr. Chairman, I am now ready for any questions.

Mr. NEWLANDS. Mr. Carey, I understand that the crop of sugar in Cuba which is now being harvested amounts to about 850,000 tons. The duty which will be paid on that 850,000 tons will be about \$30 a ton, aggregating a little over \$25,000,000. Now, the Cubans say that in producing and harvesting that crop they will make a loss, at present prices, of between twelve and fifteen million dollars; and they say that, while labor is at present employed, the crisis is such as will probably precipitate failure to grind the crop, and consequently nonemployment and distress. We are to get \$25,000,000 from that crop in the shape of revenue; and they ask us to deduct from that revenue between twelve and fifteen million dollars.

I wish to ask you, if, for one year only, we should make a reduction in duty on Cuban sugar of, say one-half, with a careful investigation and inquiry meanwhile as to the effect of a permanent reduction upon the beet-sugar and cane-sugar industries in this country, whether it would during the next year work any injury to the beet-sugar or cane-sugar industry in this country?

Mr. CAREY. I will let Mr. Atkins answer that question for you. If you will turn to page 34 of the record you will find the following question and answer:

Mr. ROBERTSON. Did you not say a little while ago, in answer to my question, that the introduction of free Cuban sugar would affect the price of sugar as it was controlled by Hamburg?

Mr. ATKINS. No, sir; I stated this morning that anything that was done to relieve Cuba in the way of reducing duties would, in my personal opinion, have the effect of at once starting this avalanche of surplus sugars into the United States market; and that in order to get something for their surplus stock they would further reduce prices, and in that way the consumer would benefit in part by this reduction.

Mr. NEWLANDS. But what is your answer?

Mr. CAREY. My answer is that the trust would get the benefit of the \$12,000,000 or \$15,000,000 of reduction, and that it would furnish it with funds and opportunities to attack the beet-sugar industry without stopping payment of its dividends on its common stock.

Mr. NEWLANDS. Now, Mr. Carey, assuming that we have a fund of \$25,000,000 in this country to be derived from the duty on 850,000 tons of Cuban sugar during the next year, of which we would give back practically \$12,000,000 to Cuba, we will still have \$13,000,000

out of which compensation could be made to domestic producers, assuming now that this is for the purpose of relieving distress.

Mr. CAREY. I have answered that question—

Mr. NEWLANDS. Let me ask you how much of that amount would have to be applied to domestic producers in order to relieve them, if it could be constitutionally and legally done?

Mr. CAREY. I think I speak for all of the beet-sugar people when I say that it makes no difference to them, so far as their industry is concerned, whether you give the Cubans \$12,000,000 or \$25,000,000. Personally, I think that it would be a misapplication of hard-earned money which belongs to the people of this country; but if, after hearing all the facts, the conscience of the American people still troubles them, why let the money be given back to Cuba. But let it be given back with reference to the fact that there is a sugar monopoly in this country, represented by the American Sugar Refining Company, against which domestic industries grow and maintain themselves with tremendous difficulty. I have already suggested that you shall take the money, if you must take it at all, out of the Treasury of the United States, and not out of the treasury of the beet-sugar producers. Let it be a gift from the whole people of the United States to the whole people of Cuba. You can, if you please, charge the gift against the tariff collected from Cuban sugar. I see no reason why the gift should not be conditioned upon the grant of reciprocal trade concessions on the part of the Cuban Government.

Mr. NEWLANDS. You claim that would be a fair adjustment of the matter, do you?

Mr. CAREY. I think if anybody wants to make a gift to the Cubans, it is.

Mr. NEWLANDS. Well, that is what it amounts to.

Mr. CAREY. I think it is a monstrous travesty upon common justice to pick out two industries in this country and ask them to make the gift. If it is a debt of honor, let the whole people pay it, and let the Cuban Republic distribute it. At least the Cuban Republic will know something about the situation—a great deal more, I suggest with great respect, than this committee knows about it, or is ever likely to find out about it by the present process.

Mr. NEWLANDS. Now, Mr. Carey, assuming that we have a fund of \$25,000,000 derived from the duty on Cuban sugars, from which it is proposed to disburse such an amount as will relieve Cuban distress during the coming year, I would like to ask you what amount would be necessary, assuming that it could be done legally, to compensate domestic producers of sugar for their loss. The Cubans put their loss on this year's crop at between twelve and fifteen million dollars. The beet-sugar producers have produced this year, I believe, about 150,000 tons; and the Louisiana sugar-cane producers have produced about 350,000 tons, making 500,000 tons in all. Now, if the Cubans will lose between twelve and fifteen million dollars, at present prices, upon 850,000 tons, what will be the loss of the American producers of cane and beet sugar upon these 500,000 tons?

Mr. CAREY. I will begin my answer to that question by reminding you that our company has lost about \$74,000 this year by the drop in the price of raw sugar. I do not understand that anybody wants to pay us back that loss. Now, you say that the Cubans—

Mr. NEWLANDS (interrupting). Can you tell me what will be the loss?

If all the consequences will follow that you anticipate in the way of increased opportunities to the sugar trust to oppress your industry, I would like to know how you estimate the total loss to the sugar producers of America during the coming year.

Mr. CAREY. I think a firm of expert accountants would have to pass upon that question before I would dare to answer it. I will give you a general answer for what it is worth, which is very little. Any reduction or any gift to Cuba which takes the form of reducing, even temporarily, the price of raw sugar to the American Sugar Refining Company will, to the extent of the reduction, put in the power of the trust the opportunity to undermine the beet-sugar industry; and while I can say for our company that we will not in any event lie down and squeal, it will inflict a cruel and wanton loss upon us against justice and good faith. I do not wish, however, to be misunderstood upon this question. The American people shed tears with less frequency and with less readiness than some of their Latin neighbors. We will fight it out, no matter what happens.

Mr. NEWLANDS. Do you think it will be a loss of half a cent a pound?

Mr. CAREY. If Mr. Atkins is right, and the result of the reduction would be to land in New York the whole avalanche of 850,000 tons of raw sugar at reduced prices, it will take less than a year to destroy the beet-sugar industry, root and branch. Such a process would reduce the selling price of refined sugar to 3 cents a pound. I mean it would enable the trust to reduce it temporarily to that figure for the purpose of hitting at us.

Mr. NEWLANDS. If the price were reduced to 3 cents a pound, what loss would that inflict upon the domestic producers of sugar?

Mr. CAREY. It would be perfectly impossible for anybody to answer that question.

Mr. ROBERTSON. Certainly it would.

Mr. NEWLANDS. What is the present price of refined sugar?

Mr. CAREY. Raw sugar went up yesterday. I expect refined sugar has gone up, too. The last report I had was \$4.48½ per 100 pounds f. o. b. Kansas City. That is the market in which I am chiefly interested.

Mr. NEWLANDS. Now, can the producers of sugar in this country escape loss at that price?

Mr. CAREY. I can not answer that question except as a guess. My opinion is that so far as the Michigan factories are concerned, until they find a more profitable use for their by-products, \$4.25 would put them out of the ring. That means practically 4-cent sugar at the factory, allowing from 10 to 20 cents to freight it. Of course you add to the expenses if you have to store your sugar and pay interest and storage charges on it. This will be a necessity if the trust continues to hold up our market at the manufacturing period.

Mr. NEWLANDS. Would 4½ cents be a compensatory price?

Mr. CAREY. I think 4½ cents—from 4½ to 4½ cents—is not far from the permanent price of sugar to-day. That is only my opinion.

Mr. NEWLANDS. Now, to what sum do you think the sugar trust could by its operations force the price of sugar throughout the United States? Do you think it could be forced down to 3 cents a pound?

Mr. CAREY. Oh, I think it could. It is just a question of how much the trust is willing to lose and how far the railroads will cooperate with it.

Mr. NEWLANDS. Then that would be a loss to the sugar producers of America of $1\frac{1}{2}$ cents a pound, which would be \$30 a ton, and on 500,000 tons would be \$7,500,000, would it not?

Mr. ROBERTSON. You must add to that, Mr. Newlands—

Mr. NEWLANDS (interrupting). I am talking about this year's crop.

Mr. ROBERTSON. Yes; but you must add in Hawaii and Porto Rico. There are 350,000 tons in the Hawaiian Islands.

Mr. NEWLANDS. Very well.

Mr. ROBERTSON. And there are 140,000 tons in Porto Rico. That must all be included in the calculation.

Mr. NEWLANDS. What is the aggregate?

A MEMBER. About nine hundred thousand tons.

Mr. ROBERTSON. Yes.

Mr. NEWLANDS. Then that, at the rate of \$30 a ton, would mean how much loss?

Mr. CAREY. Why, sir, it would turn a lot of the factories in this country into scrap iron.

Mr. NEWLANDS. It would mean \$27,000,000 loss on this year's product, would it?

Mr. CAREY. That might be the result if our factories were able to hold their heads up and continue selling for a year at a loss; but the destruction of a single factory worth a million dollars would—

Mr. NEWLANDS. So your contention, Mr. Carey, is that if out of this \$25,000,000 we have in the Treasury, derived from its duties on Cuban sugar, we should remit \$12,000,000 in the shape of a reduced duty, it would inflict a loss upon American producers, including Hawaii and Porto Rico, of \$27,000,000 for this year's crop?

Mr. CAREY. Those are your figures, sir; they are not mine.

Mr. NEWLANDS. That is what I understood you to say.

Mr. CAREY. I said that I would not undertake to give figures for the world; I do not think anybody could do it.

Mr. NEWLANDS. Do you not think you have rather exaggerated this loss? Understand now, I am just as desirous as you are of protecting every American industry—

Mr. CAREY. I take that for granted.

Mr. NEWLANDS (continuing). And of inflicting no loss upon existing investments. But do you not think you have slightly exaggerated the loss when you anticipate that by reason of the importation of Cuban sugar at a reduction of one-half in the duty the American Sugar Refinery can force the price of refined sugar from $4\frac{1}{2}$ cents to 3 cents a pound and inflict a loss upon the entire mass of American sugar producers of \$27,000,000?

Mr. CAREY. Well, I do not know. I have not followed your argument in regard to the \$27,000,000.

Mr. NEWLANDS. Let me show you the elements of the calculation.

Mr. CAREY. One moment; let me finish my statement first. I will assume your figures as the loss if sugar can be forced to 3 cents a pound. Do you know what would be the result, sir, of 3-cent sugar in Michigan, with its 15 factories? Do you think any one of them could keep out of the hands of a receiver for six months? Do you think any bank would lend them money? Do you think anybody would transact business with them? If you will permit me to say so, without disrespect, gentlemen, do not attempt to run business on paper. It is a business situation which business men have to deal with in a

business way; and I say that the result will be, if you reduce the duty on raw sugar from Cuba, that the trust will be able to put down and hold sugar at 3 cents a pound, and that in a few years it will be selling sugar at 5½ cents a pound without competitors.

Mr. TAWNEY. And in that way make up its losses?

Mr. CAREY. Yes; in that way it would make up any losses which it had not already made up on the stock market.

Mr. ROBERTSON. Now, Mr. Carey, I want to ask you two or three questions right along this line. The low price of sugar in Cuba is the cause of this agitation, I believe, is it not?

Mr. CAREY. Yes, sir; as I have said before.

Mr. ROBERTSON. You think it is; so do I.

Mr. CAREY. I think it is partly that.

Mr. ROBERTSON. Now, what has been the rise of sugar since these hearings began?

Mr. CAREY. I do not know; it dropped in Kansas City once to \$4.38½. That is the lowest price I know of since the hearings began.

Mr. ROBERTSON. I want to show that this rise in sugar has been quite perceptible lately, and that the Cubans have gotten the benefit of it. There has been a rise of some \$20,000,000 in the price of raw sugar and they have gotten the benefit of it.

The CHAIRMAN. Let Mr. Carey state what advance there has been in raw sugar in the last thirty days.

Mr. ROBERTSON. That is all right.

Mr. CAREY. I am unable to answer that question. There was a rise of one-eighth yesterday, according to the New York Sun of this morning.

Mr. ROBERTSON. It was stated by Mr. Post that there have been two rises in raw sugar of one-eighth of a cent each within the last two weeks.

Mr. CAREY. And a rise of one-eighth yesterday.

Mr. ROBERTSON. That would be three-eighths, then?

Mr. CAREY. Yes; and I suppose refined sugar will follow.

The CHAIRMAN. That would represent over \$25,000,000 on the 850,000 tons of Cuban production, would it not?

Mr. CAREY. Yes.

Mr. RICHARDSON. The beet-sugar men would share in that rise, would they not?

Mr. CAREY. Yes, indeed.

Mr. NEWLANDS. Now, Mr. Carey, what market does your sugar factory supply? How far to the east?

Mr. CAREY. It can not really manage to get its sugar much east of the Missouri Valley, at what are called Kansas City points. We get some to St. Louis; but an additional freight rate of 5 cents is required to that point.

The CHAIRMAN. Are freights equalized at Kansas City?

Mr. CAREY. There is a regular Kansas City and common-point rate of 25 cents. If sugar goes off to Wichita, Topeka, and other places the freights are all rated as of Kansas City, and the selling price at the common point is added to by the additional freight from Kansas City.

Mr. NEWLANDS. Twenty-five cents a hundred pounds?

Mr. CAREY. Twenty-five cents a hundred pounds.

Mr. NEWLANDS. What is the freight from New York to Kansas City?

Mr. CAREY. I do not know, sir. The American Sugar Refining Company could tell you that.

Mr. NEWLANDS. Do you mean it is a special rate, a rate which is not known to the public?

Mr. CAREY. I am not able to make that statement; I can not prove it.

Mr. NEWLANDS. What are the nominal rates of freight on sugar from New York to Kansas City?

Mr. CAREY. I am unable to say; I have never shipped sugar east of the Missouri Valley.

Mr. NEWLANDS. What is the cost of refining beet sugar as distinguished from the other cost? Is it capable of division?

Mr. CAREY. I do not believe it is. The cost is small. Those of you who have followed the fights of the trust will remember that Willett & Gray's circular, which is supposed to be the official organ of Mr. Havemeyer, announced that the object of the Colorado attack was to force the beet-sugar factories to stop refining sugar and to make raw sugar and turn it over to the trust. As a matter of fact, what the trust calls raw sugar is really sugar which has had an immense amount of labor put upon it, and is not a raw material at all. Our beets go in one end of the factory, and out of the other end comes standard, fine granulated sugar, ready for the table, never being handled in the meantime by human hands at all. The process of making beet sugar is, beets in at one end of the factory, standard granulated sugar poured into bags at the other end, bags on the cars, and off to the Missouri Valley or Denver for sale.

Mr. NEWLANDS. We have had that described. Now, what is the cost of putting these beets through the factory?

Mr. CAREY. That depends upon so many things that it is perfectly impossible for me to make an intelligent answer to it.

Mr. NEWLANDS. You have been through two campaigns, you say?

Mr. CAREY. I have only been through one of them myself.

Mr. NEWLANDS. Only one.

Mr. CAREY. Yes.

Mr. NEWLANDS. Can you tell me the cost of putting beets through the factory in that campaign?

Mr. CAREY. Do you mean the mere factory cost, without allowing for interest on the capital?

Mr. NEWLANDS. No, sir; I mean per pound of sugar.

Mr. CAREY. How much shall I allow for depreciation of plant? It is one of the illustrations of the unsettled condition of the business that the question of depreciation is in an unsettled state.

Mr. NEWLANDS. I will not question you at all on that score unless you have factory statistics regarding it.

Mr. CAREY. It is too early yet for me to have factory statistics for the campaign; but I have a general knowledge of the situation, and will try to answer your question intelligently. My belief is that our factory cost this campaign will prove to be between \$2.60 and \$2.70 per ton of beets handled.

Mr. NEWLANDS. How many pounds of sugar were produced from a ton of beets?

Mr. CAREY. About 260 pounds.

Mr. NEWLANDS. That meant about a cent a pound, did it not?

Mr. CAREY. A little over a cent a pound.

Mr. NEWLANDS. What do you pay per pound of sugar, we will say, to the beet producer?

Mr. CAREY. Well, at present we have a pioneer situation; we raise most of our own beets.

Mr. NEWLANDS. Oh, you do not buy them?

Mr. CAREY. We do buy some of them. I think the beets purchased from the farmers cost us this year about \$5.25 per ton.

Mr. NEWLANDS. That is what I want. How much sugar will a factory extract from a ton of beets?

Mr. CAREY. It depends entirely, of course, upon the sugar contents and purity of the beets.

Mr. NEWLANDS. Say 16 or 17 per cent?

Mr. CAREY. I think a well-built factory in first-class hands will extract about 13 per cent of sugar from a 17 per cent beet, without the Osmose or Steffins process.

Mr. NEWLANDS. How many pounds is that to a ton?

Mr. CAREY. Two hundred and sixty pounds.

Mr. NEWLANDS. If you pay \$5.25 for that ton of beets, that means that you pay to the producer about 2 cents a pound, does it not?

Mr. CAREY. Yes.

Mr. NEWLANDS. So that your total cost of production of granulated sugar is about 3 cents a pound?

Mr. CAREY. Theoretically it is; and, as I have above explained, that will be about the cost when we have gotten the industry on a normal basis. At present, as I have explained, we are raising our own beets, and they have so far cost us more than \$5.25 per ton.

Mr. NEWLANDS. What price did you get for your refined sugar in your first campaign?

Mr. CAREY. I was not connected with the factory during its first campaign, but I think the selling price averaged over 5 cents f. o. b. Sugar City.

Mr. NEWLANDS. What price did you get for your refined sugar in your second campaign?

Mr. CAREY. A large part of it remains unsold. It is stored.

Mr. NEWLANDS. How much sugar did you produce in your second campaign?

Mr. CAREY. About 7,400,000 pounds.

Mr. NEWLANDS. And do you still retain that 7,400,000 pounds?

Mr. CAREY. We have about 4,500,000 pounds stored now.

Mr. NEWLANDS. A little over one-half?

Mr. CAREY. Yes.

Mr. NEWLANDS. Is there not always more or less storage of sugar? You never expect to sell it immediately, do you?

Mr. CAREY. Up to this last fight the general understanding was that the sugar trust let the beet-sugar producers exhaust their stock, so that it was all sold as soon as manufactured.

Mr. METCALF. Let me put this question right here; I want to put it in connection with this line of remarks. You asked Mr. Carey the price he received for his sugar in his first campaign, Mr. Newlands, and my recollection is that he said somewhere about 5 cents a pound. What did it cost you, Mr. Carey?

Mr. CAREY. It cost about 9 [Laughter.]

Mr. NEWLANDS. Now, how about your second campaign? What did it cost you in that campaign?

Mr. CAREY. I am not able to answer that question at present, but I think I can tell you what you want to know. My opinion is that

during the first campaign our sugar cost us all the way from 7 to 9 cents, according to what you allow for depreciation, what you call betterments, and what you call operating expenses, and whether you do or do not allow interest on the cost of the investment. I think that for the first two campaigns we will manufacture between nine and ten million pounds of sugar, at an average cost of about 5½ cents a pound. When we get through our third campaign, I think the total sugar manufactured for the three years will not have cost us over 4 cents. In making this last calculation I am estimating on the future; but I am anxious to make it plain that I believe the cost of sugar in Colorado under normal conditions, which we will sooner or later have surrounding our factory, ought not to be over 3 cents a pound, and I am not afraid to say that I will some day manufacture it for less than that sum. If I had not thought so, I would not have invested my own money or the money of my friends in the industry in Colorado. In other words, I think Colorado is the natural place to produce sugar for consumption in America. It is not a case of "protecting bananas grown under glass." If I am mistaken in my belief that sugar can be grown in Colorado for 3 cents or less, I am free to admit that I have no standing before this committee, and have no right to ask for the protection of my industry.

Mr. NEWLANDS. I want to ask you one question before our time expires. Your contention is that if the purpose of Congressional action is to relieve Cuban distress, the relief should come out of the general Treasury of the United States, and should not come by means of a measure which you claim will enable the sugar trust to cripple American industry?

Mr. CAREY. That is right.

Mr. NEWLANDS. That is your contention?

Mr. CAREY. That is right. Mind you, I do not advocate that payment myself, because I think the whole thing is a farce.

Mr. ROBERTSON. That is just what it is.

Mr. NEWLANDS. Now, then, another thing: Do you admit that there is likely to be a condition of distress in Cuba?

Mr. CAREY. I do not think you know yourself. I know I do not. I do not think a member of this committee knows to-day.

Mr. NEWLANDS. And none of us know that the calamities which you anticipate will happen to the beet-sugar industry, and yet we are talking about them.

Mr. CAREY. That is right.

Mr. NEWLANDS. Now, I want to ask you whether, on the present price of sugar in Cuba, if this year's crop of 850,000 tons is ground and put upon the market, it will or will not in your opinion result in a loss, and if so, what loss, to the Cuban people?

Mr. CAREY. I can not answer that question. I followed Mr. Atkins's argument with a great deal of care, and I followed the cross-examination of Mr. Atkins with a great deal of care, and the inference I drew, if you think my opinion is of any value, was that one of the troubles in Cuba was the scarcity of capital and the enormous and unnecessary rates of interest. I think it is quite likely that banks and capitalists have rather got Cuba by the back of the neck; and I think perhaps the reason Mr. Atkins can make money while other planters are not able to do so is that Mr. Atkins has ample capital and runs his plantation and factory in an up-to-date fashion. I venture to make the assertion

that no well-managed plantation in Cua will lose any money this year, although it may be necessary to store for a while, and the profits will be small. I venture to add to this statement that there is not the slightest danger that any important plantation will be abandoned because of the failure of the United States Government to follow Mr. Havemeyer's wishes.

I admit that the Cuban planter is facing the same annoyance which we beet-sugar producers are facing, namely, a low market, due to over-production in the world's supply. Now in my opinion the operation of the law of supply and demand will take care of the Cuban situation without any interference on the part of the American people. The intelligent, industrious planter will pull through his difficulties and make up his losses, if he encounters any, in another campaign. The idle planter will go to the wall; but that is the law of industry throughout the world. Now, what you are proposing to do is to meet this temporary situation with a permanent attack upon a home industry.

Mr. NEWLANDS. I beg your pardon; I have come to no conclusion at all in regard to the matter. I am submitting, as a tentative proposition, a one-year reduction upon this tariff, and I am asking you what would be the effect of a one-year reduction of 50 per cent to the Cubans, in order to enable us in the meantime to make a proper investigation.

The CHAIRMAN. I think that question was answered.

Mr. CAREY. I have answered that question. One year is enough to send us to the scrap heap.

The CHAIRMAN. That was the answer to the question.

Mr. TAWNEY. What assurance could this Congress give that that temporary condition would not be permanent?

A MEMBER. None.

Mr. METCALF. What would be the effect of taking the duty off refined sugar?

Mr. CAREY. I think one effect would be that it would give the American Sugar Refining Company so much to think about that it would not bother its head about the beet-sugar industry. [Laughter.]

Mr. METCALF. Do you know the price of sugar in Germany, France, and Russia?

Mr. CAREY. I do not carry them in my head.

Mr. METCALF. I understand that refined sugar is selling in Germany for about 8 cents per pound, in France for 10 cents a pound, and in Russia for 7 cents a pound.

Mr. CAREY. Under the cartel?

Mr. METCALF. Yes.

Mr. CAREY. I do not understand the relations of the cartel to the sugar industry.

Mr. METCALF. Do you think it would be fair, if we took the duty off raw sugar, to take it off refined sugar also?

Mr. CAREY. I do not know what I think about that. I do not begrudge the American Sugar Refining Company its profits. If they will only let me make mine, they can make just as much money as they please.

Mr. METCALF. Do you believe that if we took the duty off refined sugar it would stop this fight?

Mr. CAREY. I do not know whether it would or not; I do not think anything will. I think it is an irrepressible conflict that will go on

for a good many years. It is the fight between monopoly and the interests which are trying to encroach upon the monopoly. I do not use the word "monopoly" in any invidious sense. All that I ask of Mr. Havemeyer is that he will be a little more accurate in the statements which he makes, or which other people make in his name, about the beet-sugar industry. I do not think he is fair.

Mr. GROSVENOR. He first states that the tariff is the breeder and the mother of trusts, and then he is in favor of taking off the duty in the interest of sugar refineries.

The CHAIRMAN. He is in favor of taking it off of everything except refined sugar, as I understand. [Laughter.]

Mr. GROSVENOR. Yes; he is apparently on both sides of the question.

The CHAIRMAN. I want to ask one question. I understand you to say, Mr. Carey, that you see no profitable use for a large proportion of the arid lands that are reclaimed, except through the beet-sugar industry.

Mr. CAREY. I do not think I went quite that far in my statement.

The CHAIRMAN. Well, that is all.

CUBAN PLANTERS.

A delegation composed of Messrs. Jorge Fowler Jimenes, Octavio J. Smith, Joaquin A. Piedra, and Mr. Machado, with Mr. Octavio E. Davis as secretary, represented the Planters' Association of Cuba, composed of sugar planters and general agriculturalists.

STATEMENT OF MR. FRANCISCO DE P. MACHADO, OF CUBA,

Sugar planter of Sagua La Grande, Cuba.

The CHAIRMAN. Please give your residence and business to the reporter.

Mr. MACHADO. Mr. Chairman and gentlemen of the committee, my name is F. P. Machado; I am a native Cuban, living in Sagua la Grande, Cuba.

I have been connected with the sugar business from the year 1876 to this date. In the beginning and up to 1889 I was an expert sugar merchant. At that time I became a planter, being an active partner in two large estates in the district I have named. The war began and the plantations were burned. From that time since, not having been able to reconstruct my property, I have been simply a cane grower, selling my cane to other plantations.

The Cuban Planters' Association have thought it necessary for the interests they represent to send a commission here composed of five of their members—I being one of them and their chairman—to reenforce the arguments of other commissions already in Washington on the debated question of tariff.

We were fortunately present on Friday last, when Colonel Hill and other gentlemen from Louisiana and elsewhere delivered their statements before this committee, and made references to Cuba's methods of sugar growing and sugar making. Expressing myself in a frank, open way, as Americans do, I am sorry to say that I have never heard so many errors put before the public as I then heard. None of the gentlemen who spoke gave a single proof of their assertions about Cuban products. I will not act in the same way, but I offer to prove

before this committee, or any special committee that may be appointed, that we have not come here to mislead public opinion, but simply to inform this country of our economic situation by reference to facts and nothing else.

Before entering into details allow me to call your attention to some other facts regarding these Cuban problems that I did not hear anybody mention, and which I consider of the first importance.

This question has two phases—one political and the other economical, and both affect the two countries concerned in a very essential way.

The Platt amendment, attached as an appendage to our constitution, chained the Cubans to this country in such a way that we are powerless to help ourselves or to develop our internal life, because its international influences are such as to naturally close to us the pathways that would otherwise be opened for dealings with outsiders.

Therefore, from a political standpoint, Cuba must accept the reality of events, and starve, if necessary, without even the right of seeking somewhere else what some people here propose to deny us—that is to say, even bread and water.

It has been said that Cuba was liberated from the tyranny of Spain at the cost of the blood of many sons of this country and many millions of dollars, and that we seem insatiable, not being yet satisfied, and still having the cheek to knock at your door for alms like beggars.

That is all very well, and we will not dispute about it now. We think you were generous, as became a great people, and that with the applause of the world you are entitled to our eternal gratitude. You have it in earnest. The Cubans will always acknowledge with pleasure that they owe to you the liberty that they enjoy, even with the Platt amendments as a tail to our constitution.

But that does not mean that we are forbidden to come to you any more, and that your final word has been said to Cuba. Quite the contrary; that is precisely the very ground on which we do come. You have had the control of Cuban affairs for more than three years; you are there yet, and this situation has sprung up during the term of your intervention. We do not blame you for it, or think that you are entirely responsible; but as we have no personality, and as when we do have some it will be to contract with you exclusively, at whose door shall we knock?

You have guaranteed to the world that order, peace, and protection to all, with a stable and strong government, shall prevail in Cuba. That promise, given to the world, involves a great responsibility for this country, and although it does not imply that we should be given whatever we ask, when we in the name of justice lay before you facts of such weight as our economical situation demands, and appeal to you, who have the entire control of our country, for prompt relief, it is doubtful wisdom to throw mud in our faces, because then we will have to say that you have driven us to our homes, assuming the entire responsibility of affairs.

Cuba commands an advantageous geographical situation in America. She is the watchtower of the natural channels of commerce already existing and the artificial ones about to be opened. Guns are more effective in Cuba than in the mouth of the Mississippi River to protect the Gulf coast. You can take the best aim from Morro Castle, and if your international interests require the American eagle to keep her claw there, consider whether it is not also a natural duty for you

to procure for that country prosperity instead of ruin, and a people full of gratitude and happiness and not of resentment and despair.

I have not heard any of the speakers refer to this important point of view; and as I understand that our economical affairs are inseparably connected with our political ones, it would be well for the gentlemen who repel us to bear in mind when we, as friends and wards, knock at your doors for help, that if we do not entirely belong to this community, we are at least linked to you by political and historical ties so strongly that if we can not come here we can not go anywhere else.

And mind that we do not come as beggars, but because we have a perfect right to come—a right which you have given us. As neighbors and allies depending on you, we come to lay before you the situation of the island, that you may study it, and decide whether Cuba will not starve in peace, as it did in the horrible time of war, and whether a strong, stable government can be established on a basis of total bankruptcy.

One-half of our last year's crop of tobacco is not yet sold, because the prohibitory duty here allows exportation only at ruinous prices.

We are making sugar to-day at a loss of about five-eighths of a cent per pound, which in the total production of the island will amount to more than \$12,000,000. A great many factories will have to stop grinding before the end of the crop, because, as the receipts do not cover the expenses, it is impossible for them to meet their indebtedness and pay the colonos, or cane growers, their percentage in sugar, according to their bargains. The natural consequence of all this will be an entire paralysis in business. Cane fields will have to be abandoned, and no employment given to laborers. Only the necessities of life will be purchased.

Taxes will be hard to collect, if they are collected at all. The customs revenue will drop to its minimum, as there will be little consumption of imported goods. On what ground, then, are you going to build a stable government? Very likely, and much to our regret, it will become impossible to constitute such a government; and it will not then be our fault. There is peace and order there, and desire for work. We have not thought of revolt, but there will be a great deal of patient suffering, with a scarcity of the necessities of life, which will counteract the effect of your good intentions and hard work in Cuba. We depend only on sugar and tobacco.

We must depend on these two products, gentlemen, for we do not manufacture anything. We import every article that we consume. Therefore, if these two lines of our business are ruined, how are we to live? You say it is a temporary affair. I say no; this is not a temporary affair. While the island of Cuba has no more population than it has to-day, and while we have to import everything we consume in our country, paying heavy duties, freights, insurance, commissions, etc., we can not live cheaply; and when the day comes that we are unable to sell our products—sugar and tobacco—upon what are we going to live? Are we going to live like Indians? We can not do that. We are a civilized people, like any other people. Therefore we want commercial intercourse with whom? With this country, gentlemen. We can not go anywhere else.

The dictates of the consciences of the American people will protest against doing nothing for us; and I am sure a cry will rise from every

mouth in order that the efforts to free Cuba and to establish there a base of naval operations may not prove fruitless. American hearts will certainly give no sanction to an abnormal state of things; because the solution of Cuban problems is now in your hands, and that is why we come. We can go no where else. We are at your mercy; and it is to you that we have to manifest our wants, supported by some of your authorities who are well informed of the situation of our country.

We do not come here as beggars, I repeat. No. We come to exchange our products for yours. We come to our only possible market; we come to our friends and redeemers.

We imported last year about \$66,000,000 worth of goods; and it would be no exaggeration to say that a prosperous Cuba will purchase from one hundred to one hundred and fifty million dollars' worth of all classes of merchandise. We import yearly from three to four millions' worth of rice; an equal amount of wines; six to seven millions' worth of cotton goods; about one and a half millions' worth of paper; from five to seven millions' worth of crockery and glassware; about four millions' worth of boots and shoes and leather goods; from three to five millions' worth of machinery and hardware; three millions' worth of furniture and wood manufactures. And bear in mind, gentlemen, that this trade is while we are in an impoverished condition. Cuba in prosperity will greatly increase her imports and demand the constant employment of a large fleet of steamers and sailors. We can only be beggars if you make us so; but we offer you our sugar, tobacco, fruits, hard wood, minerals and vegetables, and we will buy in exchange from one hundred to one hundred and fifty million dollars' worth of your natural and manufactured products.

Your opposition to free trade with Cuba, or a reasonable reduction in tariffs, will drive us to ruin and create there an intolerable condition of affairs. The acceptance of our offer, on the contrary, will promote prosperity and secure a solid basis for the foundation of the strong and stable government you have promised to establish there, in addition to enhancing the trade with your country.

Your granting of a substantial reduction in tariff, as urged by the President and Secretary of War, will insure this stability. What this substantial reduction shall be you can figure for yourselves, considering the mutual advantages, on the basis of the figures which I will give you later.

And now, looking into the economical question from your point of view, and not entirely from ours, I would say that many of the speakers here have only studied the problem from the standpoint of their personal advantage, disregarding all other factors as much deserving consideration as their own.

When I say "your point of view," you will necessarily understand that I do not mean the point of view of the beet growers and Louisiana planters. I refer to the point of view of the American people in general, who buy sugar very high and do not have a chance to sell their products to the manufacturer.

I do not blame these gentlemen to whom I have just referred, as they have come to defend their interests, being much alarmed at the prospect of any reduction in duties.

Furthermore, we understand that you are in duty bound to protect the island for political reasons, and not from motives of sentiment. We also understand that the business of your country with Cuba is

not of so little importance as to make it wholly subordinate to the interests of the cane and beet growers, against the interest of the whole nation, whose strength does not rest simply in sugar production. The benefits that this country will derive from a brisk trade with Cuba are paramount to these other interests which claim a monopoly in their favor.

The receipts from the present crop of about 850,000 tons of sugar, if sold at our ports at \$30 a ton or a little over (which is approximately the ruling price), will amount to no more than from twenty-five to thirty millions of dollars. Of this amount very little, if any at all, will come to this country in the shape of trade, as the price at which the sugar will be sold will be much less than the cost of production. In other words, we will be compelled to live in a hand-to-mouth fashion, which will permit the importation of nothing but the most indispensable of living necessities.

A 50 per cent reduction in your tariff will cover our expense of production, and leave us a small margin to continue working.

Great as is the interest of the people dealing in both beet and cane sugar, they are under the wrong impression when they fear that if any reduction is granted we are going to produce more sugar than this country can consume. This is not so. The statement has been made here that all our laborers are employed at good wages, and that therefore there can be no misery in Cuba. There lies precisely the reason why Cuba can not make much more sugar than it is making now. We have not population enough to attend to cane growing and manufacturing, the cultivation of other articles like tobacco and vegetables, and the breeding of cattle, to a greater extent than these things are done to-day, and that is why our laborers are all employed at high wages.

To grow the present amount of cane some 500,000 acres of land must be cultivated. One man can not attend to more than 3 acres on an average, and there you have already 150,000 men employed. To double our crop we must have 300,000 laborers in the fields, working only in cane. Where are these men in a country of about one and a half millions inhabitants all told? And bear in mind the fact, gentlemen, that in Cuba, by reason of the very fact that the soil is so fertile, the weeds come up very quickly, and every acre of land has to be gone over three or four times before the cane has grown two feet high. Therefore, from the very fertility of the country, it is costly to raise cane there.

Mr. Oxnard remarked that we could import Chinese, at wages of about \$4 a month, to increase the number of our laborers. Mr. Oxnard—I refer to one of the gentlemen of that name who spoke here—lived in Cuba several years, and ought to know by this time that such contracts as were made with Chinese more than thirty years ago have been absolutely prohibited since that time; and they could not be duplicated to-day, even at larger wages. The public sentiment in Cuba would protest against introducing an inferior race, if any attempts were made to abolish the existing law.

If the Louisiana people would grow rice, for example, they might find in Cuba a very good market, as the consumption of this article is general in my country. I suggest this because, as I understand, the sugar business there does not seem encouraging on account of the climate and soil, and can not prosper without strong governmental

support in the shape of a protective tariff the burden of which is borne by the rest of the people to the injury of the other manufacturing interests of the country.

The beet growers in the Western States need not be alarmed, for their own figures, given to the public by their circulars and their trade magazines, show clearly that they can produce sugar quite as cheaply as we do, without the expense of bringing it here, duties, etc.

Statistics have recently been published by which it is shown that factories working in several sections of the Western States can deliver their sugar, like the German factories, at \$2.26 per ton for 50,000-ton plants and about \$1.50 per ton for a 200,000-ton plant, like the Oxnard factories. Therefore 3 cents per pound is a fair estimate of the cost of refined sugar, ready for the market, at any point where there is any justification whatever for the erection of a beet-sugar factory.

As the cost of sugar produced in this country varies according to localities and facilities, so the cost of producing cane sugar in Cuba varies from the same causes. It is therefore necessary to deal with averages. The most competent authorities give the cost of Cuban raw sugar of 96 test as .0206 cent per pound, delivered at a Cuban port of shipment. This is the cost of raw sugar, unmarketable for consumption in that condition, and subject to deterioration until it is refined.

The committee thereupon took a recess until 1.30 o'clock p. m.

AFTER RECESS.

At 1.30 p. m. the committee resumed its session.

STATEMENT OF SR. F. P. MACHADO—Resumed.

Mr. MACHADO. Mr. Chairman and gentlemen of the committee. I request your attention a little while longer in my statement about Cuban products.

Before proceeding, I wish to remark that it is well known to us that the Cuban problem is becoming a bother to this country. We know that; but as we understand that we depend entirely on you, to you we come to expose our necessities, that you may consider them and determine our future destinies.

I was saying, speaking of the cost of sugar, that the figure I named represented the cost of raw sugar, unmarketable for consumption in that condition, and subject to deterioration until it is refined. To that price (0.206 per pound) there must be added 10 cents for freight to New York, and 25 cents for lighterage, commissions, etc., making a cost laid down on the wharf in New York, Baltimore, Philadelphia, or Boston, of 2.41 cents. The sugar is then subject to a duty of 1.685 cents, making a total cost of \$4.095, which is a great deal above January quotations on competing sugars from the bounty-fed markets of Europe.

A 25 per cent reduction in the American tariff of \$1.685 would be 0.42 of a cent per pound. At the figures quoted, representing the cost to the Cuban producer, with no allowance made for any profit, it will be seen that a reduction of 25 per cent, or 0.42 per pound, still leaves the Cuban planter with a loss on his crop. Perhaps a few planters, no more than a half a dozen, may escape; but to all the rest, a total of

16,000 to 18,000 Cuban cane growers, according to the official census of the island, the result will be utter and disastrous ruin.

Gentlemen have remarked here that sugar can be produced in Cuba at a cost of $1\frac{1}{2}$ cents per pound. They might just as well say that it grows spontaneously on the banks of the rivers. They also say that cane is grown without replanting for even twenty years. Such, if any, are exceptional cases. The provinces of Matanzas and Santa Clara, where about two-thirds of the entire crop of the island is grown, are now old lands, and replanting is necessary every five or six years.

The new lands are in the provinces of Puerto Principe and Santiago, where there are no roads of any kind, and where it is useless to erect a factory or plant anything, because there is no way of taking it out.

The yield of the old lands under cultivation together with the new ones in the eastern part does not average more than 50,000 arrobas per caballeria, equal to about 19 tons of cane per acre.

They say, also, that we Cubans feel happy, living, as Dr. Pangloss says, in the best of worlds, and that the Americans who have acquired interests in Cuba are the ones who make a noise, and compel us to follow suit just for the fun of it. This is unjust, and is also untrue. I could count with my fingers the number of sugar plantations in Cuba which belong to Americans; there are perhaps not as many as a dozen, out of 160 large plantations that exist in the island.

Mr. GROSVENOR. How many American plantations do you say there are?

Mr. MACHADO. I say there are no more than twelve belonging to American citizens.

Mr. METCALF. Are you speaking now of plantations?

Mr. MACHADO. Yes, sir.

Mr. METCALF. You do not mean to say that there are only 160 plantations in the island?

Mr. MACHADO. I mean the plantations that grind the cane. We do not call the cane growers planters; we simply call them cane growers, or colonos. When I speak of plantations, I refer to those which have mills and grind the cane.

Mr. DALZELL. Is that what you call a "central?"

Mr. MACHADO. A central; yes, sir.

The business is not so tempting, in view of the natural risks, as to invite capital to go there. The Havana Planters' Association is a body composed of native Cubans, who are the holders of from 80 to 90 per cent of all of Cuba's land. I say this, gentlemen, because I have heard it said here that this excitement in Cuba is provoked by Americans; that we in Cuba have nothing to ask, and that we do not feel that we are losing money. This is a mistake. American capital has not gone to Cuba so freely. We have a good deal of English capital there to-day invested in railroads and plantations, but not American capital. We have not more than half a dozen, or possibly a dozen, plantations belonging to American capital. Therefore this excitement in Cuba about economical questions is Cuban, and nothing but Cuban.

It is also said that most of our sugars are already mortgaged to the American Refining Company. Somebody said that here the other day. I heard it, and that is why I make this remark.

Mr. GROSVENOR. Somebody said it was practically all sold and in the hands of the trust.

Mr. MACHADO. I deny the statement, sir; I deny it.

Mr. NEWLANDS. It is not all ground as yet, is it?

Mr. MACHADO. No, sir; part of it is ground. We are commencing to grind it now.

Mr. NEWLANDS. How much is ground?

Mr. MACHADO. We may have one-fourth of our crop ground; no more than that.

Mr. ROBERTSON. Have you any contracts with people for its disposal after it is ground?

Mr. MACHADO. No, sir.

Mr. COOPER. He does not understand your question. You are referring to the cane after the juice is taken out of it; he is—

Mr. NEWLANDS. As I understand it, he says about one-fourth of the crop has been ground.

Mr. MACHADO. It may be ground by this time.

Mr. NEWLANDS. And three-fourths of it yet remain to be ground?

Mr. MACHADO. We commenced grinding by the 1st of January, and our crop will last until the middle of April or May. Therefore we may have about one-fourth of our crop ground now, and made into sugar.

As I say, it has been claimed that most of our sugars are already mortgaged to the American Refining Company. Where have they found that out? Our sugars are unsold. They may be under mortgage, perhaps to a large extent, to local merchants for money advanced; but the American Company, so far as my knowledge extends, has not invested money in Cuba, as it has always been its policy to buy raw sugars and pay for it against bills of lading.

I have been a merchant there for several years, and I never knew of a case where the refineries here bought sugars in Cuba in advance. They pay for their sugars against a bill of lading, when they are shipped and put aboard vessels.

Mr. GROSVENOR. I want to ask you a question or two upon some figures you give here. As I understand you, there are only 12 American growers?

Mr. MACHADO. Not growers; no. I said owners of plantations; those who have mills.

Mr. GROSVENOR. I understand; you mean producers.

Mr. MACHADO. Producers of sugar, not of cane.

Mr. GROSVENOR. Now, has that number increased since the war?

Mr. MACHADO. Some of them were there before the war, like Mr. Atkins.

Mr. GROSVENOR. How many of them, do you think?

Mr. MACHADO. Well, I could count Mr. Atkins, the Chaparra Sugar Company, the Teresa Sugar Company (that belongs to Mr. Hawley, I think), and the Santa Teresa and Francisco Sugar Company. Mr. Atkins was there before the war; he has been there for several years. I can not recollect just at the moment, you know, any more plantations; but I can furnish this committee with a list containing the names of every plantation in Cuba belonging to American citizens.

Mr. GROSVENOR. You do not think there was any greater number of Americans there when the war was going on than there is now?

Mr. MACHADO. Some of them commenced business after the war, like the Chaparra and Fiuguaro companies.

Mr. GROSVENOR. Did you ever see a list of the men who claimed that their property was burned up and destroyed by the Spanish soldiers during the war?

Mr. MACHADO. No. I have heard of it.

Mr. GROSVENOR. You would be surprised if you learned that over a hundred American citizens had their sugar plantations destroyed, as they claim.

Mr. MACHADO. I beg your pardon?

Mr. GROSVENOR. You would be surprised, would you not?

Mr. MACHADO. No; I am not surprised, not at all. I will explain that to you. I do not feel surprised in the least. Among those American citizens of whom you speak there are perhaps 50 or 75 per cent who were cane growers—not planters, not what we call planters, not those who grow the cane and make it into sugar, but cane growers—and of what you might call genuine American citizens, men born in this country, with money from this country, I say there are not more than 10 or 12. There may be other farmer citizens of Cuba who have Americanized themselves here and own property in Cuba. They have lost houses, they have lost cattle, they have lost fences, they have lost coffee, and everything else, but they have not lost as sugar makers.

Mr. GROSVENOR. They were Americanized after the war, were they?

Mr. MACHADO. No; before the war.

Mr. GROSVENOR. Very well.

Mr. MACHADO. Now, not to detain you any more, gentlemen, I will add that this problem has a third phase, the phase of justice, for which the American people have such a high respect.

To that sense we appeal. Do for us the best you can, and by so doing, besides the benefits you will derive in return, you will lay a foundation of prosperity for a new nation, which will respect and love you as benefactors and protectors.

I will be glad to answer any questions which you may ask.

Mr. METCALF. Do you know of a club at Habana called the American Club?

Mr. MACHADO. I do not live in Habana. I know the club is situated there. I live in Sagua La Grande, as I said when I commenced my statement.

Mr. METCALF. Do you know such a club as the American Club of Habana?

Mr. MACHADO. Yes; there are several clubs in Habana, and I think one of them belongs to the Americans.

Mr. METCALF. Have you seen a telegram sent on by that club to one of the mercantile associations in New York, stating that Americans have \$80,000,000 invested in Cuba?

Mr. MACHADO. I have not seen the telegram; but it may be true. If you calculate that one of these large plantations, such as the Chaparra plantation, is worth four or five million dollars, according to what they say, you do not need many plantations to make \$80,000,000.

Mr. METCALF. I hold in my hand a communication, addressed to me, coming from the Merchants' Association of New York, whose office is in the New York Life Building. It is dated New York, January 24, 1902, and is as follows:

We incorporate herein the following cable message received this morning from the president of the American Club of Habana, Cuba:

HABANA, January 23, 1902.

President Merchants' Association, New York:

American interests in Cuba, aggregating about \$80,000,000, urge your body to immediately exert every effort possible, through every channel of influence at your command, to have Congress grant tariff concessions asked for by Cuban Commission

in order to save their interests from financial ruin. Every commercial interest in Cuba is jeopardized unless immediate favorable action is taken. With reciprocity, trade from the United States in manufactured articles will increase thirty millions in a year.

Do you know anything about that telegram?

Mr. MACHADO. I have not heard it before.

Mr. METCALF. In making your statement you said that Cuba imported, from all sources, about \$66,000,000 worth of goods a year.

Mr. MACHADO. Yes.

Mr. METCALF. You also said that everything you required you had to buy from other countries? Is that correct?

Mr. MACHADO. Yes; that is correct.

Mr. METCALF. Then how do you expect, if we have reciprocity with Cuba, that the trade of Cuba with this country will increase to a sum ranging from one hundred to one hundred and fifty millions of dollars annually?

Mr. MACHADO. How do we expect that?

Mr. METCALF. Yes.

Mr. MACHADO. Because Cuba in prosperity, having a large population, as it naturally would have if business with you increases—and Cuba is open to every American who wants to invest there in cane, oranges, fruits, coffee, and other products—will consume much more than at present. Within a very short period of time, owing to its climate and its fertile soil, the population of Cuba would increase on a very large scale, and naturally the demand for the necessities of life would be very large.

To-day Cuba does not make anything. She does not have any industries, you know. We have to import our rice. We import our goods of all classes—our hats and shoes, and hardware and glassware. In other words, we have to import everything. If our imports reach \$66,000,000 at this time, with the number of inhabitants we have to-day, is it not logical to suppose that within a short period, for instance five or ten years, Cuba will be very largely increased in population, in which event our importations would proportionately increase to meet the demands of the people? That is my view of the matter.

Mr. METCALF. Then the increase of trade will depend entirely upon new capital going to Cuba and upon an increase in the population?

Mr. MACHADO. I suppose so, because as agriculture increases, the production of sugar and tobacco, which are of course our principal exportations, will increase. There are other branches of agriculture which will develop, too, such as oranges. The Florida people are going to Cuba now. I see them there quite often trying to find lands for oranges and pineapples, for we have no frost there, and the advantage in that respect is an invitation to them to invest capital in Cuban fruits. Naturally the American small farmers going to Cuba and investing in small parcels of land will increase the population, and naturally they will have a brisk trade with this country, with a resulting increase in the importations of all kinds of merchandise.

Mr. NEWLANDS. What are the total importations of Cuba now?

Mr. MACHADO. We are importing over \$60,000,000 now.

Mr. NEWLANDS. And your expectation, according to your statement, is that they may increase to \$150,000,000?

Mr. MACHADO. Yes, sir; because we will have to establish other plantations.

Mr. NEWLANDS. And you think the bulk of those importations will come from the United States, do you?

Mr. MACHADO. There are two reasons why that should be so. In the first place, if we make a reciprocity treaty and the tariffs here are reduced so as to enable you to compete with foreign powers, we will naturally come here. In the first place, it is nearer; freights are cheaper; and if we get our goods at the same rate from you that we can get them somewhere else, it will be proper for us to come here. As you consume our products, sugar and tobacco, we will get in exchange for them whatever you manufacture that will be of use in our country.

Mr. COOPER. Is there a Cuban tariff levied upon the importation of rice?

Mr. MACHADO. Yes, sir; but it is not very large. I can not tell you about rice, because I have never dealt in it, you know. We consume a great deal of rice in Cuba, however.

Mr. ROBERTSON. It is nearly half a cent a pound, I understand.

Mr. MACHADO. Well, you know better than I myself.

Mr. ROBERTSON. It is a dollar a hundred kilograms.

Mr. COOPER. Do you know anything about what showing your bank statements there make?

Mr. MACHADO. The banks?

Mr. COOPER. Yes; as to whether it is a profitable business or not?

Mr. MACHADO. Banking is a profitable business, because in Cuba the rate of interest is very high—about 8 per cent per annum.

Mr. COOPER. Eight per cent?

Mr. MACHADO. Eight per cent; that is what the banks charge for discounts, you know.

Mr. COOPER. What nation, or the people of what government, are constructing the railroad over there?

Mr. MACHADO. Americans.

Mr. GROSVENOR. Which railroad do you mean?

Mr. MACHADO (to Mr. Cooper). I suppose you mean the Central Railroad?

Mr. COOPER. Yes; the Central Railroad.

Mr. MACHADO. American people. That is Mr. Van Horn's road.

Mr. GROSVENOR. He is not an American.

Mr. MACHADO. I beg your pardon; then he is a Canadian, I suppose.

Mr. COOPER. Well, is it American capital that is invested in that railroad?

Mr. GROSVENOR. It is not American capital, and he is not an American.

Mr. MACHADO. Mr. Van Horn is a Canadian, I think. I suppose some capital goes from this country and some from Canada.

Mr. NEWLANDS. I understand you to say that the production of sugar will not very rapidly increase in Cuba in the near future, even under favorable conditions as to price?

Mr. MACHADO. I said that, sir.

Mr. NEWLANDS. And you gave three reasons. One was that the amount of land available for sugar production had been exaggerated; second, that the present population was only equal to the present production, and would have to be increased and reenforced; third, that the factories now there are only equal to grinding the present production, and that it will involve an immense expenditure of capital to

produce the facilities for grinding more sugar. Is that a correct statement?

Mr. MACHADO. That is very correct.

Mr. NEWLANDS. Now, as to the land: You estimate that there are now about 300,000 acres of land under sugar cultivation in Cuba, do you not?

Mr. MACHADO. Three hundred thousand? More than that.

Mr. NEWLANDS. How much?

Mr. MACHADO. Very nearly 450,000.

Mr. NEWLANDS. Is all that land capable of producing sugar cane for a series of years without replanting?

Mr. MACHADO. The land that is planted to-day?

Mr. NEWLANDS. Yes.

Mr. MACHADO. I said in my statement that we have to replant every five or six years; and I will explain this if you will allow me, please.

Mr. NEWLANDS. Yes.

Mr. MACHADO. Somebody said here the other day that in Cuba we have only to hew down the forests, put a piece of cane in the ground, and the sun does everything else; that there is nothing more to be done.

Mr. NEWLANDS. Yes.

Mr. MACHADO. That is not so. You see, the soil is very fertile and the weeds come up quickly. You have to have people in the cane fields all the time until the cane is grown up to a certain height, because the weeds are coming up all the time. Weeds kill the cane. The lands where that happens are in Santiago and in Puerto Principe; and there, although land is so cheap, nobody buys for the purpose of planting. You can get any amount of land there for anything you wish to pay. What is the reason? There is no way of taking out the products. No matter what you plant there you can not take it out. The roads are impassable during the growing season. They are muddy. You have no way of getting to the coast. What is the use of planting anything in those sections of the country? The land is very cheap there for that reason; and yet nobody goes there to plant. There should be roads there, you know.

Mr. NEWLANDS. I am talking about the lands that are now planted in sugar. Are they all capable of producing sugar cane without replanting every year, as is necessary in Louisiana?

Mr. MACHADO. Yes; they give cane from four to six years, you know.

Mr. NEWLANDS. Do you find any diminution in the ability of that land to produce cane? Does it wear out?

Mr. MACHADO. It wears out—some.

Mr. NEWLANDS. Some?

Mr. MACHADO. Yes.

Mr. NEWLANDS. And how is it with reference to the expense of opening up new land for the purpose of raising cane? Is that expense a large one or a small one per acre?

Mr. MACHADO. The cost of the land?

Mr. NEWLANDS. No; the cost of opening it up, outside of the price.

Mr. MACHADO. The cost of cultivation?

Mr. NEWLANDS. Yes.

Mr. MACHADO. The cost of cultivation is very high. We can not

plant one caballeria of land—one caballeria is 33 $\frac{1}{3}$ acres; that is our unit, you know, in cultivating lands.

Mr. NEWLANDS. Yes.

Mr. MACHADO (continuing). You can not plant one caballeria, from the moment you plow the lands or hew down the forests up to the time you cultivate, for less than \$1,500.

Mr. NEWLANDS. That would be \$50 an acre, would it?

Mr. MACHADO. That has to be divided by 33. I do not know how to do it here.

Mr. NEWLANDS. It is a little less than \$50 per acre.

Mr. MACHADO. Well, I do not know; I have not made the calculation. That is to be divided by 33 acres, which go to make up a caballeria.

Mr. NEWLANDS. Yes. Then it costs \$50 an acre the first year to open new lands, does it?

Mr. MACHADO. Yes, sir. The advantage is in this—that with the new lands, instead of planting every four or five or six years, you can replant, perhaps, every ten years, you know.

Mr. NEWLANDS. I understand.

Mr. MACHADO. At the end of ten years that planting is exhausted, and you then have to plant every four or five years. That is the difference.

Mr. NEWLANDS. Now as to the factories. You say that you have factories there capable of grinding about the present production—850,000 tons.

Mr. MACHADO. Yes, sir.

Mr. NEWLANDS. What do those factories cost, according to their output?

Mr. MACHADO. Well, that is hard to say; do you mean including the land?

Mr. NEWLANDS. No; outside of the land.

Mr. MACHADO. You refer to the machinery alone?

Mr. NEWLANDS. I mean what will it cost to put up a new mill?

Mr. MACHADO. Without counting the land?

Mr. NEWLANDS. Without counting the land.

Mr. MACHADO. What crop do you want to make—how large a crop?

Mr. NEWLANDS. Well, what is the smallest factory there?

Mr. MACHADO. We go by bags, you know. To-day the smallest factory there produces from thirty to forty thousand bags.

Mr. NEWLANDS. How much sugar does that mean?

Mr. MACHADO. There are 325 pounds to a bag, approximately.

Mr. NEWLANDS. Forty thousand bags?

Mr. MACHADO. Yes, sir. That is the smallest plantation we have there to-day.

Mr. NEWLANDS. That is one-sixth of a ton, is it not?

Mr. MACHADO. It aggregates about 6,000 tons, I think.

Mr. NEWLANDS. Yes; about 6,000 tons. That is 6,000 tons in a season, is it?

Mr. MACHADO. In a season.

Mr. NEWLANDS. In a season of four or five months. What does such a factory cost?

Mr. MACHADO. The machinery, you mean, and the buildings?

Mr. NEWLANDS. Yes, and the buildings; everything necessary.

Mr. MACHADO. It will not cost you less than six or seven hundred thousand dollars to put it up.

Mr. NEWLANDS. That would mean, then, \$100 for every ton of production?

Mr. MACHADO. That is the minimum price. It would cost from six to seven hundred thousand dollars to put it up.

Mr. NEWLANDS. It would cost, you say, six or seven hundred thousand dollars for 6,000 tons. What would it cost for double that amount?

Mr. MACHADO. Well, a little over a million dollars. There are plantations in Cuba which make about 100,000 bags, that would cost perhaps two million dollars, or two millions and a half.

Mr. NEWLANDS. Your judgment is that to produce ten or twelve thousand tons it would cost at least a million dollars?

Mr. MACHADO. At least, I think; without counting the land. I do not include the cost of the land.

Mr. NEWLANDS. Now, then, do I understand you to say that with your present population you can not produce more than the present output?

Mr. MACHADO. I do not think we can; we might, perhaps, increase it a little.

Mr. NEWLANDS. It is that very fact that has raised the prices of labor there, is it not?

Mr. MACHADO. That is what makes the labor high.

Mr. NEWLANDS. Now, as to the cost of producing sugar from the cane, from the time of planting to the time of putting the cane through the mill, how much of that cost, on the average, has already been incurred by the people of Cuba?

Mr. MACHADO. I beg your pardon; I do not quite understand the question.

Mr. NEWLANDS. Take this 850,000 tons. You have cropped that cane, as I understand it, and you are now proceeding to grind it?

Mr. MACHADO. Yes.

Mr. NEWLANDS. Now, I ask you what proportion of the total cost of production has already been incurred by you?

Mr. MACHADO. Oh, that which belongs to grinding and to planting of the cane?

Mr. NEWLANDS. Yes.

Mr. MACHADO. The cost of the cane delivered at the mill to be ground is equal to—please multiply 286 by 4.

Mr. NEWLANDS. That would be 1,144.

Mr. MACHADO. You have to separate two ciphers, you know.

Mr. NEWLANDS. Do you mean \$11.44?

Mr. MACHADO. Yes; that is the cost of the cane per 2,500 pounds. Twenty-five hundred pounds of cane would cost that amount delivered at the mill.

Mr. NEWLANDS. Twenty-five hundred pounds of cane would cost \$11.44?

Mr. MACHADO. Delivered at the mill.

Mr. NEWLANDS. Well, I do not care to go into these elaborate details as to figures. I want to know, approximately, how much of the total cost of production of this 850,000 tons of sugar, which you say is the output for this year, has already been incurred by the planters?

The CHAIRMAN. What percentage?

Mr. NEWLANDS. Yes; one-quarter or one-half or two-thirds?

Mr. MACHADO. You do not understand my figures, because we go

by arrobas, you know, which consist of 2,500 pounds. That is our unit in calculating about sugar. You go by the ton. I have, therefore, made the reductions here on that basis. The average cost of cultivation per ton is 928. That, as I say, is simply the cost of cultivation.

Mr. NEWLANDS. \$9.28?

Mr. MACHADO. No; not \$9; 92 cents; say 93 cents.

Mr. NEWLANDS. Ninety-three cents for one hundred pounds?

Mr. MACHADO. Per ton of cane.

Mr. SWANSON. That is 2,000 pounds.

Mr. NEWLANDS. Is that a ton of 2,000 pounds?

Mr. MACHADO. Two thousand pounds; yes.

Mr. NEWLANDS. Ninety-three cents per ton?

Mr. MACHADO. Yes. Now, the cost of cutting the cane, loading it, hauling it, and putting in on the cars is \$1.04 per ton. Total cost of the cane delivered at the mill per ton, \$2.29.

Mr. NEWLANDS. Delivered at the mill?

Mr. MACHADO. Delivered at the mill.

Mr. NEWLANDS. Is that per ton or per hundred pounds?

Mr. MACHADO. Per ton. Now, what else would you like to know?

Mr. NEWLANDS. Oh, that is for the cane, and not for the sugar?

Mr. MACHADO. For the cane alone.

Mr. NEWLANDS. How many tons of that cane does it take to produce a ton of sugar?

The CHAIRMAN. May I suggest a question to the witness which I think will make him understand your question? You buy cane at the mills, do you not, Mr. Machado?

Mr. MACHADO. We grow cane. The planters grow cane.

The CHAIRMAN. Well, you buy it of the planters at the mill, do you not?

Mr. MACHADO. We buy from cane growers, you know, and then plant it besides.

The CHAIRMAN. Now, look here a moment. Do you not give them half the price of the sugar for their cane?

Mr. MACHADO. No; we give them sugar. We give them half of what we obtain.

The CHAIRMAN. You give them half the sugar for the cane, do you not?

Mr. MACHADO. Yes, sir.

The CHAIRMAN. They grow the cane and cut it?

Mr. MACHADO. And bring it to the mill.

The CHAIRMAN. And bring it to your railroad, or your mill?

Mr. MACHADO. Yes, sir.

The CHAIRMAN. And for that you give them half of the sugar?

Mr. MACHADO. About 50 per cent of the sugar; that is it.

The CHAIRMAN. So you estimate that it costs 50 per cent to grow the cane and deliver it?

Mr. MACHADO. Yes, sir.

The CHAIRMAN. Does not that answer the question, Mr. Newlands?

Mr. NEWLANDS. Ah! That is it. Then, up to this time, you have incurred about 50 per cent of the cost of production of the entire sugar crop of Cuba?

Mr. MACHADO. No, sir; I do not say that. I said for the cost of the cane alone.

Mr. NEWLANDS. Now, that cane is ready for being put through the mill, is it not?

Mr. MACHADO. Through the mill; yes.

Mr. NEWLANDS. Assuming that as yet you have not ground a ton of cane, 50 per cent of the total cost of the production of sugar has already been expended.

Mr. MACHADO. A little more than 50 per cent.

Mr. NEWLANDS. A little more than 50 per cent?

Mr. MACHADO. If the cane belongs to cane growers, it is more than 50 per cent.

Mr. NEWLANDS. Oh, yes; I see.

Mr. MACHADO. The cost of cutting that cane is, as I tell you, 50 cents per 100 pounds, made into sugar.

Mr. NEWLANDS. Now, how much will it cost from now on to grind the sugar cane that as yet has not been ground? That is what I want to know.

The CHAIRMAN. What proportion of the total?

Mr. NEWLANDS. Yes. As I understand it, the representatives from Cuba say that unless some relief is given them, they will be unable to grind the cane that is there.

Mr. MACHADO. Yes, sir.

Mr. NEWLANDS. I want to know what the remaining expense of grinding that cane is.

Mr. MACHADO. We are getting to-day for our sugar an average price of perhaps half a cent less than we can make it for; perhaps a little over that. Of course, we are losing half a cent per pound on what we make.

Mr. NEWLANDS. Yes.

Mr. MACHADO. In order to make this clear to you I shall have to go into a little explanation about it.

Cuban capital was largely lost during the war. Whatever was left of that capital was again invested in planting cane and putting up the factories, many of which were destroyed, at least partially. All of that capital has gone again into the lands, into the fields, and into the factories; and a good many planters have had to borrow money to complete the construction of their buildings, to repair their machinery, and to plant their fields.

Mr. ROBERTSON. At what rate of interest?

Mr. MACHADO. From 8 to 12 and sometimes 18 per cent per annum, sir. It may be surprising to you; but when you can not get money, and you need it, you are willing to take it at any rate. There are practically no banks in Cuba; there are only two institutions of credit. They are located in Habana, and have no branch offices in the interior; and they do not discount any paper unless it what you call commercial paper. They do not take paper from planters, except very rarely, when guaranteed by very good signatures. Therefore, as we have exhausted our money in restoring our sugar production, we are in debt to all these merchants who have lent us money to do the work. These obligations generally fall due in February or March, because that is the time when the crop will be completed. They are all waiting to have this question determined here, to know whether you are going to give us anything or not, and whether the planter will make sufficient to pay his indebtedness or not.

Mr. ROBERTSON. Which means, of course, from 8 to 10 per cent to the money lender?

Mr. MACHADO. Yes, sir; capital and interest. They only loan there for six months. We do not get money there for years, you know. We get it for three or four or five months, that is all.

As soon as they find out that whatever reduction you make in your tariff is not sufficient to cover the expenses all these people will come to the planters and demand their money. They will protest their notes, and cause a panic in the country. The colono, I may explain, is the cane grower who sells cane to the planters for a certain percentage of the sugar. As soon as the colono finds that he can not get his share, because the planter is hard up and unable to meet his expenses, he will not send him any more cane. He will say: "Why should I send him my cane, and go to the expense of putting it in the car, when I am not getting my proportion of sugar back again? I will not send any more cane."

Laborers, at the end of the month, will demand their salaries, which are very high, because the working population is small, and of course planters will have to stop, because they will not have the means to continue. They will not have enough to give the laborers a cent, because the selling price of sugar is below the cost of production. Do I explain it clearly, sir?

Mr. NEWLANDS. Yes. But assuming that one-half the cost of production has already been expended——

Mr. MACHADO. Well, that is so, with our merchants and bankers. The planters have no money. Their resources were destroyed during the revolution.

Mr. NEWLANDS. I am speaking now of the cane that has not yet been ground. As I understand it, there is about 600,000 tons of cane there that has not yet been ground.

Mr. MACHADO. Yes.

Mr. NEWLANDS. And the contention of the Cuban people is that unless some tariff relief is given that cane will never be ground?

Mr. MACHADO. Yes, sir.

Mr. NEWLANDS. And money will not be advanced?

Mr. MACHADO. That is what I have explained.

Mr. NEWLANDS. Now, I ask you if the cost of that cane production has already been paid, either by the growers or by the money-lenders, do you not think the money-lenders, whose reliance is that cane, are going to see to it that it is ground in order to get their money out of it?

Mr. MACHADO. No, sir; because the price received for the sugar after it is ground will not cover the cost of making it.

Mr. NEWLANDS. It will cover the cost of grinding, will it not?

Mr. MACHADO. They owe the value of the cane; they have to pay for it. The larger part of that cane belongs to the colonos.

Mr. NEWLANDS. Oh, I see.

Mr. MACHADO. They have not yet had their share.

Mr. NEWLANDS. It has not yet been paid for by the mill?

Mr. MACHADO. No, sir; it has not yet been paid for.

The CHAIRMAN. I want to ask you one question, Mr. Machado. Suppose some of the cane there should not be cut this year, is it then wasted?

Mr. MACHADO. Then it is left from one year to another.

The CHAIRMAN. Can you leave it over to the next year, and then cut it?

Mr. MACHADO. Yes. You can leave it until the next year, but it

will yield perhaps 30 per cent less than if you cut it this year, especially because the cane in Cuba now is new.

The CHAIRMAN. How much do you say you would lose?

Mr. MACHADO. Thirty per cent.

The CHAIRMAN. That is all.

Mr. MACHADO. That is for this reason, sir—I will explain that.

The CHAIRMAN. Oh, never mind. That is all. We will take your word for it.

Mr. MACHADO. Very well.

STATEMENT OF JOAQUIN PIEDRA, ESQ.,

Sugar planter, of Matanzas, Cuba.

Mr. Octavio E. Davis, secretary of the Cuban delegation, appeared as interpreter for Mr. Piedra.

Mr. DAVIS. Mr. Chairman, I beg your permission to read for Mr. Piedra, who is not acquainted with the English language, a few words which he wishes to address to this committee [reading]:

Mr. Chairman and gentlemen of the committee, another beggar from Cuba stands before you. My name is Joaquin Piedra, a sugar planter in the province of Matanzas, Cuba.

I request the honor of this committee's attention for a few minutes only, to say that I fully indorse the statements of my fellow-countrymen regarding the cost of producing sugar in Cuba.

My experience of forty years in the business, under circumstances which have given me a knowledge of the conditions obtaining in the average plantation, both as regards manufacturing plant and soil, has taught me that the business is far from being the gold mine which the beet-sugar and Louisiana planters would have you believe.

It is unnecessary for me, after the complete data already submitted to you by other Cuban planters, to enter into a detailed account of the cost of sugar production in Cuba. There is, however, another, and to my mind a broader and more reliable basis upon which to judge whether or not the sugar industry of Cuba is a highly profitable one. Five years before the insurrection most of the sugar manufacturing in Cuba had been concentrated in large central factories, fully equipped with the most modern machinery. The average price of sugar in Cuba during that period was over 2½ cents per pound; nevertheless, the plantation owners, with few exceptions, instead of accumulating profits, did nothing but increase their debts.

This impoverishment, with the consequent discontent among the laboring classes, was, gentlemen, the fundamental cause of the devastating war which shortly followed.

I can not for an instant believe that the justice and generosity inherent in the mighty spirit of this Republic will be stifled in the interest of a small minority. I can not believe that this enlightened nation can possibly repeat the follies of Spain.

Under these convictions I beg to anticipate, gentlemen, the expression of Cuba's gratitude for the immediate action which you will take toward her salvation.

Mr. PIEDRA. Immediate action; that is what we want.

Mr. ROBERTSON. May I ask a question here, Mr. Chairman?

The CHAIRMAN. Certainly.

Mr. ROBERTSON. Do you represent the same people that Mr. Place and Mr. Mendoza represent?

Mr. DAVIS. Mr. Piedra is one of the commission, sir. I am the secretary of this Cuban delegation.

Mr. ROBERTSON. How did the Cuban delegation come here; through a meeting of the people of Cuba?

Mr. DAVIS. Through the Planters' Association. They are all members of the Planters' Association, and they were sent by the Planters' Association.

Mr. ROBERTSON. When did they have that meeting?

Mr. DAVIS. About two weeks ago.

Mr. ROBERTSON. Were these statements prepared at that meeting?

Mr. DAVIS. Oh, no; these gentlemen have prepared them. In the case of Mr. Piedra, he prepared it in Spanish, and I translated it into English.

Mr. ROBERTSON. Was it prepared in this country?

Mr. DAVIS. In this country; yes, sir.

Mr. ROBERTSON. Was it prepared in New York?

Mr. DAVIS. Oh, no; we have not been to New York at all; we came direct from Habana here.

Mr. ROBERTSON. Did you have any conference after you came over here as to the manner of the preparation of your statements?

Mr. DAVIS. How?

Mr. ROBERTSON. Did you meet any citizens of the United States here after you came and consult with them as to your statements?

Mr. DAVIS. No, sir. The delegation naturally called upon the Secretary of War, as all delegations have, upon its arrival here.

Mr. Piedra will answer with pleasure any questions the gentlemen may wish to put.

Mr. RUSSELL. Is this Planters' Association which you represent confined to the sugar planters of the island?

Mr. DAVIS. Sugar planters and general agriculturists. It does not embrace the tobacco industry, though; they have a special association.

Mr. RUSSELL. Have they sent a commission up here?

Mr. DAVIS. The tobacco people? Yes, sir; I understand they have.

Mr. NEWLANDS. As I understand it, Mr. Piedra in his written communication states that the low price of sugar was the economic cause of the civil war in Cuba?

Mr. DAVIS. The fundamental cause—the principal cause.

Mr. NEWLANDS. How do you explain that?

Mr. DAVIS. In which way, sir?

Mr. NEWLANDS. Well—

Mr. ROBERTSON. Why not propound the questions to Mr. Piedra, and let him answer them through the interpreter?

Mr. NEWLANDS. How was it the fundamental cause of that war?

Mr. DAVIS. Through the misery, the impoverishment of the whole country, you know; the high taxes, and the very high interest.

Mr. NEWLANDS. That was the cause of the war?

Mr. DAVIS. That was the principal cause; yes, sir.

STATEMENT OF MR. GEORGE R. FOWLER,

Sugar planter in the province of Santa Clara, Cuba.

Mr. FOWLER. Mr. Chairman, my name is George R. Fowler; I am a native-born Cuban, and a planter of the province of Santa Clara, near the city of Cienfuegos. I am a member of the Planters' Association

of the island of Cuba, which represents all the agricultural interests of the island, including over 10,000 farmers and 160 sugar manufacturers; and in their name I come here to give you whatever information you may wish, and to expose to you the very critical condition of our class, and especially of the small farmer.

The former war, lasting ten years; the abolition of slavery without any compensation to owners; the changes brought about by the development of the bounty-fed beet-sugar industry in Europe, which involved further and great expenditure of capital in Cuba, together with the ridiculous economic principle and monopoly which existed during the Spanish régime, were more than sufficient to place the Cuban planter in a very difficult and embarrassing position.

About the time when the last war began the planters and agriculturists of the island had been seriously struggling against all these obstacles, and were on the eve of success when the war surprised them and with it the incursions of Maximo Gomez and his army, with the consequent destruction of property known to the world.

History has seldom recited a more distressing condition of affairs than that which the Cuban planter experienced during the interval of the war. The proof of this is that out of the 1,000 sugar factories, 190 coffee estates, 8,875 tobacco plantations, and 23,640 small farms of sundry staples, less than one-half of the normal crop of sugar, coffee, and tobacco has been exported from our ports during the three years following the war.

With the plantations and colonos reduced to ashes by the order of both General Weyler and Maximo Gomez, and with agricultural labor paralyzed, the unfortunate Cuban planter and farmer was placed in a serious predicament and found himself unable to discharge his current obligations. The Spanish Government first, and General Brooke later on, aware of these facts, were excited to action, and promulgated a decree for the relief of the community suspending all judicial proceedings against the rural property owners who had been ruined by the war. This decree remained in force until its expiration last year, when General Wood modified it, extending the time of payment to a few whose property had been entirely destroyed by the revolution.

On March 1, 1901, the real estate of the island of Cuba showed an indebtedness in mortgages and ground rents, according to the records of the secretary of finance, of \$115,338,793.97 on over 27,663 estates; and to this must be added interest on mortgages that would represent an equal amount. Of the 27,663 properties with liens upon them, only 117 are over \$10,000 in debt; and as according to the statistics there are over 27,600 rural estates with liens, it is clear that the balance of debtors constitute the small farmers.

If by the 1st of May there are no changes which will better the condition of the Cuban planters and farmers their property will be necessarily sold at public auction and both they and their families evicted from their homes and cast upon the highways to implore charity. There will be realized, as a result of these sales, a sum which represents, in the majority of cases, less than one-half of the actual value of the property, because in the abnormal condition of the island no mercantile transactions in rural property can be expected. This is true, in spite of the assertions of Governor Warmouth and Colonel Hill, of Louisiana, who have exaggerated the purchase of sugar estates in Cuba by American capitalists, for where are the persons who are will-

ing to purchase, not sugar estates, but even small farms, except to take them in payment of claims they may hold upon them?

Under the circumstances how could it be different, when it is evident that sugar can not be produced in our country to-day for less than 2.13 cents a pound, or 0.081 of a cent less than what is being paid for raw sugar in the New York market?

To convince you of the accuracy of this statement I have brought with me a memorandum of the detailed cost of production in a modern-equipped sugarhouse manufacturing about 65,000 bags of sugar.

I will leave this detailed statement, if you wish, with the reporter.

The CHAIRMAN. Very well.

Following is the statement referred to:

Detailed cost of production in a modern-equipped sugarhouse in Cuba (manufacturing about 65,000 bags).

ESTIMATED COST OF 100 POUNDS OF CENTRIFUGAL, POLARIZING 96.

		Cents.
Personnel	\$46,521.51	0.2271878
Hardware	9,749.98	.0476141
Machinery, extras	2,925.00	.0142842
Lumber	2,881.67	.0140728
Coal	7,867.24	.0384197
Wood	2,964.19	.0144755
Lime	1,424.76	.0069577
Sand bricks	561.48	.0027419
Various expenses	7,871.07	.0384384
Various drafts	1,068.57	.0052183
Railroad estates	4,520.41	.0220754
Railroad colonies	1,755.99	.0085753
Various articles	966.16	.0047181
Oils	1,528.01	.0074620
Fodder	638.57	.0031184
Filter cloths	438.09	.0021394
Bags	11,367.90	.0555152
	105,050.60	.5130139
Cane	269,014.71	1.3137365
Lifting	9,224.47	.0450478
Freights	24,114.94	.1177655
Switchmen, weighmasters	2,914.17	.0142313
Repair of scales	70.42	.0003438
Sundries	558.70	.0027284
	410,948.01	2.0068672
Sugar freights	27,241.50	.1330341
	438,189.51	2.1399013

or 2.13 cents per pound at port; adding .26 cent per pound shipping charges will make 2.39 cents f. o. b.; 1.92 cents landing expenses, including freight and duty, makes 4.31 cents in New York, against a present quotation in New York of 3.5 cents; loss, .81 cent per pound.

Mr. FOWLER. The actual cost of production on this estate is 2.13 cents per pound at the port, and on the 20,477,017 pounds manufactured by this estate there will be a net loss of \$165,863.70, or \$16.20 per ton; and the sugar industry in the island of Cuba, producing 850,000 tons, would lose to the extent of \$13,770,000.

Should the Government of the United States not grant the substantial reduction necessary to save our crippled industry, these estates will not only be sold, but the foreign speculator as well as the American capitalist will be attracted to the bargains which will necessarily spring

from such wholesale ruin. After he takes possession of these estates and monopolizes the output of Cuba, can anyone who knows of the immense quantities of money which he can command to develop and improve these properties (convinced as he will also be, as Mr. Oxnard himself said a day or two ago, of the fact that the present low prices of sugar are of a temporary nature and will be succeeded by higher ones) doubt the influence he will wield in the internal affairs of the island, and the share he will necessarily have, as a taxpayer, in bringing about and developing the same feeling in Cuba which fostered annexation in the Hawaiian Islands?

If in doubt as to the truth of this assertion, look back into the development of the sugar industry of that island, and in Porto Rico to-day, and let this serve as an object lesson of what might occur in Cuba if annexation is brought about in the way I indicate.

Do you not see that if you are now unwilling to concede to Cuba the reduction in tariff which she so reasonably asks you will impose upon the beet-root and cane sugar producers of this country a much larger burden by eventually admitting our sugars free of duty, and thus compelling them to meet us on even ground, without bounties, duties, or other advantages?

To deny us these concessions now is to condemn the whole country to a fate little better than that which we experienced during the terrible epoch of the revolution, when the Spanish Government, through a policy of war, desired and ordered the extermination of the Cubans. Contrary to the belief that the sugar producer alone will suffer through this denial, it will reach the whole community; for it is a fact that sugar growing is an industry of a large number of small farmers, as well as the source of employment of many thousands of wage-earners.

The number of those directly dependent on the sugar industry for their livelihood can not be exactly stated. It is, however, safe to place it approximately at over 150,000 persons, a large number of whom are the heads of families; and it is estimated that from 500,000 to 700,000 people are dependent upon it for a most important part of their living, as growers of cane, field and mill hands, handlers of cane, etc.

The loss of wage-earning or profitable production to these people means disaster to them and to the merchants of the island by the loss of trade upon which so many depend.

The real point of the labor question is not the fact of present employment or the ruling rate of wages, but the fact that if disaster strikes the sugar producer thousands of men will have no employment at all, as there is no other industry to which they can turn for employment or livelihood. In that lies the danger, as it means a total loss to some 20,000 growers of cane upon a small scale and to the scores of thousands employed in the fields and at the mills of the estates.

It means also the partial loss of employment to the various departments of sugar transportation, including railroad employees, lightermen, stevedores, and other handlers of our products. It ultimately means that more than one-half of the working people of the island would be ruined, in whole or in part, by any disaster to the sugar industry.

Let us consider the competition of this sugar with your domestic product. For many years to come the beet-sugar producers of the West will be wholly unable to do anything more than supply the

demand of their immediate locality. Their present production is about 7 per cent of your consumption, or about 150,000 tons. Assuming an improbable yearly increase of their output of 250,000 tons, it would still be twelve years before they could supply their home demand, as the average of American consumption would be 3,000,000 tons.

Louisiana, producing refined sugar from cane, should find her markets in her own sphere of influence. If unable to do so, it is wholly clear that sugar cane is, as it is said to be, an artificial product for which her vicinity is unsuited, and her planters would do well to take their machinery to Cuba and turn their sugar estates into rice fields to supply the Cuban demand, for that article is largely consumed on the island.

Mr. ROBERTSON. That is a very generous invitation.

Mr. FOWLER. It is preposterous to picture any immediate day when either Cuban cane or American beets will or can supply the whole of the American market. It will be long before both can do that, even with the assistance of Hawaii, Porto Rico, and the Philippine Islands, which would then be put on a par with Cuba on the open market.

These concessions, if granted by your honorable committee, will result in a reduction in the price of sugar, to the advantage of American consumers as a whole; and the moral obligation of the United States to Cuba will find fulfillment in stable and political conditions, resting upon a foundation of reasonable industrial prosperity.

A further and highly important consideration is presented by the question of other advantages which will accrue to American trade and commerce as a result of the most liberal concessions to Cuba's chief industry. Cuba's purchases of manufactured goods are largely made in Europe, for the reason that the first cost of such articles is lower there than it is in the United States, while freight rates are the same or less, and Cuba naturally goes to the cheaper market.

This preference that Cuba is quite ready to give to American trade would give you probably 90 per cent of all her orders, while you are getting less than one-half to-day.

A general movement has begun throughout the whole island of Cuba in support of our economic aspirations. Cablegrams and petitions are being sent daily to this Government apprising it of our critical situation. The press of the whole country, without any distinction of political tendencies, has voiced Cuba's needs; and she now sends to you her delegates to confirm these appeals, in order that this great Republic may not be misled into the belief that the economic campaign which is echoed from one end of the island to the other is the product of a determined individual interest instead of what it actually is, the anguishing cry of a community which already clearly sees before it its own ruin and desolation.

If it is true that the existence of the island of Cuba as a producing country depends absolutely upon the two principal staples which comprise its welfare—sugar and tobacco—and if both are condemned to disappear by your protective tariff, it stands to reason that the malady does not affect one class of our people, but all the inhabitants alike.

Cuba is not a foreign country to the United States. Recent events, familiar to all, have made Cuba practically a ward of this Republic. At least, such is the feeling and sentiment of all the people of our country, and they look upon you as their only friend and benefactor in this great hour of their need.

An effort has been made before this committee to show that Cuba is in no need of help. Such a claim is wholly without foundation. The cry for aid has come to you from all over the island. It has come up from the heads of all the municipalities in the island. It has come up from every organization of trade, of commerce, and of labor. It has come from planters, large and small. It has come from the Cuban people. It has been echoed by the President of the United States, by the Secretary of War, by the military governor of Cuba, by American boards of trade and commerce, and by every American newspaper of high standing, with the exception of the very few which are published in the locality of the special interest which now opposes the proposition for reciprocal trade relations with Cuba. It is echoed in the hearts of the American people. Gentlemen, you can not stand by and see the land for whose future you are now responsible fall into disaster; much less can you allow it to be said that yours was the hand that dealt the ruin. We, therefore, as representatives of the suffering class, come to you with our last anguishing breath to say: "Help us, or we perish!"

Mr. ROBERTSON. It has been contended by Mr. Atkins—who, I think, has interests in Cuba and also in the United States—that the free admission of sugar from Cuba will not affect the price of sugar. He stated that a number of times in his testimony the other day. You take exactly the opposite view from Mr. Atkins on that question. You also state that you desire that this generosity shall be extended at the sacrifice of both the cane-sugar interests of Louisiana and the beet-sugar interests.

Mr. FOWLER. I have not said that.

Mr. ROBERTSON. That is the inference from your statement.

Mr. FOWLER. No.

Mr. ROBERTSON. It is clear enough to satisfy me, although I may be a little dull about it. It seems to me it comes out very plainly. You state that about 150,000 people are engaged directly in the sugar industry in Cuba?

Mr. FOWLER. I have said that; yes.

Mr. ROBERTSON. I simply want to make this statement to you: In order to benefit those people, you desire to sacrifice, in the State of Louisiana, the interests of 500,000 people who are directly and indirectly interested in the sugar industry. That is quite a demand, I should think, after what this country has done for Cuba.

Mr. FOWLER. I have not asked that at all; I just remarked—

Mr. ROBERTSON. That is the effect of everything you have said.

Mr. FOWLER. I am very sorry you misunderstood me, then. It was not my intention to say that at all. I have said—

Mr. ROBERTSON. I will not discuss it.

Mr. COOPER. Let the witness go on and make his statement. I would like to hear him.

Mr. ROBERTSON. Go ahead.

Mr. FOWLER. I have said that it would take twelve years, at least, for the sugar producers of the Western States to raise sufficient sugar to supply the market of this country at the rate of an increased production of 250,000 tons per year. I have not said anything at all about sacrificing them. I have simply remarked that it would take them twelve years to supply this market. I did not say anything at all about sacrificing them to the interests of Cuba.

Mr. ROBERTSON. I speak particularly of Louisiana.

The CHAIRMAN. Who is the next speaker?

Mr. MACHADO. We have nothing further; that is all. Mr. Chairman, let me make a little explanation. One of my friends tells me that perhaps you misunderstood me when I said that if we did not grind cane this year, and left it until next, we would lose 30 per cent. I said we would lose 30 per cent, and he said that you understood me to say that only 30 per cent would remain.

STATEMENT OF HON. FREDERICO DEGETEAU,

Resident commissioner from Porto Rico, in Washington, D. C.

(Against Cuban reciprocity.)

Mr. DEGETEAU. Mr. Chairman and gentlemen, I desire to make a very brief statement before the committee.

Personally, I am not exactly interested in the sugar question nor in the tobacco question. I was elected commissioner for the people of Porto Rico at the last election. As such commissioner, I believe it to be my duty to present to this committee, very briefly, the general sentiments of my people with regard to this matter, for, as I tell you, I have no experience and am not an expert in sugar or tobacco matters. I can merely make this statement in a general way, with relation to the general situation of the country. I am the representative of the people of Porto Rico, not of her special sugar interests or tobacco interests.

I wish to state that almost 90 per cent of the people of Porto Rico are against a reduction in the tariff on Cuban products. A bill has been introduced into the legislature to memorialize Congress on this point, and to respectfully ask Congress not to make reductions in the tariff.

In order to impress you with the position of the people there, I wish to make a very brief statement about our general conditions in regard to trade with Cuba in these main products.

As you know, Porto Rico is a great agricultural country, producing coffee, sugar, and tobacco. The better class of our tobacco was formerly sent to Cuba; and I will read you a few lines from the report of General Davis about this matter.

The more valuable grades are known to the trade as filler and wrapper; and the aggregate of these grades of a normal crop would reach quite 4,000,000 pounds.

This tobacco was formerly sent to Cuba; but in 1897 the autonomic constitution for self-government was given to Cuba, which authorized it to establish a tariff. Then the government of Cuba imposed upon this tobacco a duty of \$5 per pound. There is no market for it in Europe, and while the taxes in the United States have been modified, the tobacco industry in Porto Rico, like all other industries of the country, is just beginning to be rebuilt and reorganized.

What I wish to make clear to you are the local conditions in the island. This shutting of the Cuban market to our tobacco means the cutting off of a source of revenue that in the past has brought to Porto Rico an annual income of from five hundred thousand to a million pesos.

The only other product, I think, in which we had a trade with Cuba was coffee. The coffee that we sent to Cuba was what was called the

second-class coffee. I believe the price per 100 pounds is about \$6, and it paid \$3.40 duty before. There has been since then a modification in the duty; and the Cubans to-day impose upon our coffee twelve American dollars duty. For that reason the market of Cuba has also been practically shut to the coffee of Porto Rico.

Under these circumstances the only hope of the country is sugar. It is the product in which the people have great confidence and hope.

The general conditions of the land in Porto Rico are the same as in Cuba. The expenses are almost the same. The lack of means or money necessary to help the sugar industry is more felt in Porto Rico, because American capital has not there the protection of the American banking law. Under the present circumstances national banks can not be established in Porto Rico; we have none of them. We have been helped only through the enterprise of one or two American capitalists.

Under these circumstances the people of Porto Rico, having this hope in the sugar industry, think it will be greatly injurious to their interests if a reduction is made in the tariff.

That is all I wish to say to you. I thank the chairman and the committee for their kindness in hearing me.

THE CHAIRMAN. Is there no other gentleman who would like to be heard?

MR. MENDOZA. I would like to say one more word.

ADDITIONAL STATEMENT OF MIGUEL MENDOZA, ESQ., OF THE CUBAN DELEGATION.

MR. MENDOZA. Mr. Chairman and gentlemen, I quite understand that it is to the interest of the beet-sugar people and the sugar-cane growers of this country to insist upon having no reduction made in the tariff on Cuban sugars; but I really do not understand why Porto Rico should take that position. While we have been fighting and burning our fields, and over 400,000 people have died on account of the insurrection, Porto Rico, which did nothing, comes into the United States and gets free sugar, and free everything, on account of our war. [Laughter.]

MR. RICHARDSON. They got in first; that is what is the matter.

MR. DALZELL. They did not close the door, did they?

MR. MENDOZA. That is all I wanted to say.

MR. ROBERTSON. We wanted to give you independence, you know.

MR. DEGETEAU.

MR. DEGETEAU. Mr. Chairman, allow me a word. I only wish to state that we did not come to ask the help of the Americans against Spain. The people of Porto Rico merely opened their hands to receive the American army. That was not done through a revolution, but through a sentiment of friendship and love for the liberty of this country. [Laughter and applause.]

MR. MENDOZA (Continuing).

MR. ROBERTSON. I would like to ask Mr. Mendoza a question about rice.

According to the statistics regarding the imports and exports of Cuba last year, Mr. Mendoza, from a document published by the War

Department, I see that the average price of rice was 0.019. That is less than two cents per pound. There was, I think, a tariff of less than a half a cent a pound, according to the quality which you use—which is a very low grade of rice, I understand. The other day, in his testimony, Mr. Placé stated that the price of this rice in Cuba was from 3 to 5 cents per pound. I want to ask you how those prices were arrived at by him, as the statistics show a price of less than 2 cents per pound. Do you know? What do you know about it yourself?

Mr. MENDOZA. I do not know much about it myself, because I am not familiar with the price of rice and the duty on rice; I do not know what they were or what they are to-day. Mr. Placé is not here. I understand that the price in Cuba to-day is about 3 cents a pound.

Mr. ROBERTSON. That is, to the consumer?

Mr. MENDOZA. Yes.

Mr. ROBERTSON. I am talking about the price at the port, in the hands of the importer.

Mr. MENDOZA. I really could not tell you.

Mr. ROBERTSON. Those were the prices I referred to when I said that we could not sell this rice, under any circumstances, to Cuba.

Mr. RUSSELL. You put a prohibitive duty on Porto Rican tobacco, which you used to take in large quantities, did you not?

Mr. MENDOZA. Yes; I understand that. They did not want to have that tobacco in Cuba, because it was sold afterwards as Cuban tobacco, and discredited our tobacco. [Laughter.]

Mr. RUSSELL. You were very glad to have it a few years ago.

Mr. MENDOZA. But I do not think it would be honest to sell tobacco from Porto Rico and call it Cuban tobacco.

STATEMENT OF W. L. CHURCHILL, ESQ., OF BAY CITY, MICH.,

President of the Bay City Beet Sugar Company.

Mr. CHURCHILL. In the first place, gentlemen, I will apologize for being here at all. As I know, you are all tired out. For the last three or four days I have been listening to the tales of gentlemen who have been telling you, among other things, how much it costs to make beet sugar. Gentlemen, I feel that it is a duty I owe the industry and myself to stand before you and refute such statements as have been made in that regard.

I know what it costs to make beet sugar with one of the best equipped beet-sugar factories in the United States. Mr. Thurber states that beet sugar can be made for 2½ cents a pound. Mr. Post, a gentleman who represents ten of the refineries of the United States that were known as independent refineries, and who admitted before this committee that he formed them into a trust, capitalized at \$20,000,000, of which \$10,000,000 was wind and \$10,000,000 was money, tells you that it costs 2½ cents a pound to make beet sugar. He is an able man; so it devolves upon me, and it is my duty, not to allow such testimony as that to remain before you gentlemen undisputed.

I shall not take the time to tell everything I had in mind, as I know you are tired, but will get right down to the cost of making beet sugar.

In our first campaign—that of 1888-89—we produced beet sugar, under adverse circumstances, at 4½ cents a pound.

The CHAIRMAN. Where was that?

Mr. CHURCHILL. In Bay City, Mich.

The CHAIRMAN. Proceed.

Mr. CHURCHILL. Did I say 1888 and 1889?

The CHAIRMAN. Yes; that is the reason I asked you when it was.

Mr. CHURCHILL. That is a mistake. I meant 1899-1900.

Mr. RICHARDSON. You mean 1999-1900. [Great laughter.]

Mr. CHURCHILL. Well, we will get this date straightened out in half a minute.

The CHAIRMAN. Let us get it right.

Mr. CHURCHILL. I mean 1899-1900. It cost $4\frac{1}{2}$ cents to make sugar. That amount represents labor and the cost of the beets, all combined.

The succeeding year (now let us not get mixed again), which would be 1900-1901, we had learned a little more about our business. The first year we were in the kindergarten class. We got out of that into the A B C class. Then we produced sugar for \$3.96 per hundred pounds. I want you to bear in mind all the time that the farmer comes in and is a great factor in this matter. We paid the farmer \$2.51 for the sugar contained in the beet as he delivered it to our bins.

Mr. SWANSON. Let me ask you a question there. Did you include in those amounts of $4\frac{1}{2}$ cents and \$3.96 anything for interest on the capital invested and for repairs?

Mr. CHURCHILL. Yes, sir; if you desire it, I will read you the absolute cost.

Mr. SWANSON. I mean did you include in the cost interest on the capital invested in the stock of your company, or was it the cost exclusive of that?

Mr. CHURCHILL. No; I included in this calculation an item of \$23,000, representing the expense of keeping our factory in repair.

Mr. SWANSON. That was the charge for repairs?

Mr. CHURCHILL. Yes.

Mr. SWANSON. In that cost do you include anything for interest on the capital invested?

Mr. CHURCHILL. No, sir.

Mr. SWANSON. That is not included?

Mr. CHURCHILL. That is not included, sir. We expected to declare a dividend to take care of that matter; which we did. I am not here to tell you that the beet industry is a failure, gentlemen; I am here to tell you that we can make money with the beet industry if you will let us alone.

We have, first, to learn the business. The farmers have also to learn it. After we have become accustomed, first, to raising the beet economically; second, to manufacturing the sugar economically; and, third, to taking care of the by-products, we will have an industry that will not be here begging you gentlemen to take care of it. But at present we need protection. We need simply what was promised us when we went into the business.

The CHAIRMAN. I am a little anxious to know how you came out the next year.

Mr. CHURCHILL. I am frank to say, gentlemen, that I have not a full, detailed statement that I can make to you in regard to this year; but I can assure you that we will make sugar this year at a cost of not to exceed \$3.60 or \$3.75 per hundred pounds.

The CHAIRMAN. You think it will be between those figures?

Mr. CHURCHILL. Yes.

The CHAIRMAN. Have you there a statement in detail about the cost of sugar?

Mr. CHURCHILL. I have.

The CHAIRMAN. Will you leave that with the stenographer and have it printed in the hearings?

Mr. CHURCHILL. I will do so. It is as follows:

BAY CITY SUGAR COMPANY.

Statement of cost of making sugar, 1900-1901 campaign.

Beets.....	\$273,517.95
Coal.....	23,707.20
Labor, including clerk salaries.....	54,962.63
Supplies, such as sulphur, oil, filter cloths, piping, paper fitting, etc....	6,767.15
Lime rock.....	3,951.00
Coke.....	1,925.00
Barrels and bags.....	10,480.00
Insurance and taxes.....	10,024.00
Expenses.....	1,900.00
Repairs.....	23,000.00
Salaries.....	15,000.00
Total.....	425,234.93

To make 10,730,543 pounds sugar, or 0.0396 cents per pound:

Amount paid for sugar in beets.....	\$0.0251
Amount of factory expenses.....	.0145

Total cost production one pound sugar..... .0396

The CHAIRMAN. Now you may proceed with what you were going to say.

Mr. CHURCHILL. There has been a great deal of testimony introduced before this committee. I read the testimony introduced here on January 15 and 16 by Mr. Atkins, by Mr. Kelly, and by the other gentlemen, with all of which you are more thoroughly conversant than I am. I simply desire to call your attention to a few things stated by Mr. Atkins.

Mr. Atkins, on page 20, states that there are no small farms in Cuba raising sugar. He states that the small landholders do not raise sugar cane; that they are semigentlemen, with large families, who raise a little corn and other products, but who do not raise cane.

The only sugar planters of whom we heard at the first hearings, on January 15 and 16, were the New York sugar planters of Cuba. They found those tactics did not work, and then they brought up here another dose of men who claimed to be Cuban sugar-cane growers, or sugar-factory men.

If these gentlemen tell the truth of their condition there is no man on earth who is more ready to go down in his pocket and help them, or to ask the United States to help them, than I am, if the United States Government can help them and not ask me to abandon and to lose my business in so doing.

I want to state to you right here, gentlemen, that many of the statements we have heard to-day sound to me like, and have the ring of, the bureau of information that is running in New York City. I may be wrong; I may be doing these good gentlemen an injustice. If I am, I beg their pardon, and I regret having made the statement. But to my ear it has the ring of Mr. Havemeyer and Mr. Post. Now, who are these gentlemen?

Mr. Post testified before you in my hearing that his company could produce 20,000 barrels of refined sugar per day. He testified, further, that the profits were three-eighths of a cent a pound; that is, that the cost of refining was five-eighths of a cent a pound and the differential between raw and refined was a dollar. Mr. Atkins testifies that in his time raw sugar could be refined for half a cent a pound, and he thought now it could be refined for less. So it is safe to say that half a cent a pound is the profit that Mr. Post, in his ten refineries, is making.

Mr. McCLELLAN. He said three refineries, did he not?

Mr. CHURCHILL. No; ten. I have the names of them here, if you want them. There are ten refineries, under a trust of ten million actual capital and ten million wind. They further testify that a barrel of sugar contains 350 pounds, and that at half cent a pound would represent a profit of \$1.75 a barrel.

Now, gentlemen, figure for yourselves. These gentlemen are making \$35,000 a day out of the sugar purchased from Cubans. Why do they not pay a fair price for their sugar, and not come to this committee and ask the United States to do what? To wreck, demolish, and drive out of existence the beet-sugar business of this country by reducing the tariff.

Now, Mr. Post testified that Mr. Havemeyer can make 40,000 barrels of sugar per day, which would be a profit of \$70,000, or a total of \$100,000 a day profits for these two great trusts.

In other words, these two institutions are making \$100,000 a day, or \$36,000,000 per year. Gentlemen, who is the strongest, these trusts or the people of the United States through their representatives in this room?

I will risk my fortune and my existence with the honor of you gentlemen, and I believe you will protect me.

Mr. Hawley comes before you and sneers at Mr. Oxnard because Mr. Oxnard came before you gentlemen ten or eleven years ago, as he (General Hawley) states, and stated that if you would only protect the beet-sugar industry for ten years, we would then raise all the sugar necessary for the consumption of the United States.

If such a statement was made it was an unfortunate one, because at that time the beet-sugar industry had not really assumed the proportions of an industry. It was merely a local experimental proposition. Out in California I think there were two or three factories; in Salt Lake City there was one factory; in Nebraska there were one or two factories. These were simply experimental factories and not an industry of the United States. There was not at that time a beet-sugar factory this side of the Missouri River.

The statement of Mr. Hawley was that the industry did not amount to anything, and never would amount to anything. Now, let us examine into this. In 1899-1900 there were 35,000 tons of sugar produced. In 1900-1901, according to the testimony of Mr. Kelly, on page 50, there were 70,000 tons of sugar made. Mr. Kelly then admits that in 1901-1902 there will be made 150,000 tons.

This is an increase, for three years, of 100 per cent a year. Gentlemen, can you ask any better showing from any infant industry that ever came into the United States?

According to the increase just mentioned, in 1907-8 we will make 9,600,000,000 pounds of sugar, and the demand of the United States at that time will not exceed 7,500,000,000 pounds.

Gentlemen, I think that when General Hawley comes before you and sneers at the proposition of our eventually taking care of the sugar trade of the United States, he has made a mistake.

Mr. STEELE. You mean 1908-9, do you not?

Mr. CHURCHILL. In 1907-8 we will increase up to 9,600,000,000 pounds of sugar, if we go on increasing at the ratio at which we have increased for the last three years.

I do not say we can do it; and I tell you right now that if this committee does not dispose of this proposition and allow us to go on building factories, the industry forever is dead; for neither my associates nor myself nor any gentlemen to-day interested in the beet-sugar business can afford to be in a business where we do not know "where we are at."

If there is a reduction made in the tariff you will see yourselves that we do not know where it will stop. The gentlemen who have preceded me have said that they could not stand even 1 per cent reduction. Now, I do not take so extreme a view as that. We might stand a 1 per cent reduction if that were the end of it, but if constant reductions in tariff are to be made, better kill us at once with free trade and be done with it. Then we will go out of the business and go to Cuba, buy plantations, raise cane sugar, and try to make up our losses. But do not lead us on to building factories and continuing the business here if you are going to take such a course in the end.

Gentlemen, I feel that I have taken up all the time I should; but there are very many things I would like to say.

Mr. COOPER. Does Michigan pay a bounty to her sugar producers?

Mr. CHURCHILL. No, sir.

Mr. COOPER. Does any State in the Union?

Mr. CHURCHILL. No, sir. I desire to take a half a minute upon this subject.

Michigan agreed to pay a bounty, and that is what brought this great industry into Michigan, eleven factories being built in one season. She agreed to pay a bounty of 1 cent a pound. Eleven or twelve factories were built on the strength of that promise, but the bounty law was found to be unconstitutional and was repealed. It was thought then that perhaps that might be the end of the industry in Michigan; but no. The next year there were five factories built; and there are now seven factories organized and ready to be constructed as soon as we know what this committee is going to do.

Mr. COOPER. Then you say there is no State in the Union, so far as you know, that is now paying a bounty upon sugar?

Mr. CHURCHILL. I do not think so, unless it is New York State. I do not know whether the bounty law there was repealed or not. New York State agreed to pay a bounty.

The CHAIRMAN. That has run out.

Mr. CHURCHILL. Perhaps so.

The CHAIRMAN. Yes; the time limit has expired.

Mr. CHURCHILL. Michigan and Kansas are the only other States that ever agreed to pay bounties; and I think neither of them ever did so.

The CHAIRMAN. New York paid them.

Mr. CHURCHILL. New York did pay them?

The CHAIRMAN. Oh, yes.

Mr. CHURCHILL. Honorable State! I wish I lived in it.

The CHAIRMAN. Oh, we are pretty near right up there. [Laughter.]

Mr. CHURCHILL. Mr. Carey, in his address this morning, made a statement that I wish to indorse. If you gentlemen, in your wisdom, and from the evidence you hear, think Cuba is entitled to assistance, give it out of the United States Treasury into the Cuban treasury; and then we will all pay our proportion.

There is no set of men, I will say to you to-day, who are more bold, more liberal, with more energy and determination, than the beet-sugar men. We have undertaken an industry that we did not know a single solitary thing about at the time we took it up, and we will never hold up our hands to stop any act of charity. These gentlemen have come here asking charity; that is what it is. They are asking us to give them an advantage over everybody else, and are pleading poverty as a reason for it. Gentlemen, if they are poverty stricken, if they need it, give it to them, and the beet-sugar men will say "amen," and will pay their proportion. But the beet-sugar men are not willing to pay it all.

Gentlemen, I think that that is about all with which I will trouble you. You asked how much time I wished. That means you do not want to hear any long talk. If there are any questions you have to ask I will be glad to answer them, if I am able. If there are not I will simply file this statement and take my seat.

Mr. STEELE. Mr. Oxnard stated that if you would give them ten years they would agree not to ask for any protection. Will you go on his bond to that effect?

Mr. CHURCHILL. No, sir; I will not go on his bond for any proposition of the kind. But I will make the same statement: If you will give us ten years, and if you can not give us ten if you will give us eight, and if you can not give us eight if you will give us seven, at the end of that time we will be upon a sound basis and able to stand alone. And if our business is not in that condition and can not stand upon its own bottom in that time, gentlemen, you ought not to protect it.

I would like just one moment more. When I started in the sugar business in Bay City, what was the situation? We had as sugar experts in our employ men from Bohemia, as follows: Baron Latzel, Count Valtar, Mr. Frankel, Mr. Petak, Mr. Novac, and Mr. Kubine to manage our sugar factory. They were vacillating, effervescent men who could not talk our language, who could not make refined sugar, and yet they came here at large salaries to conduct our business.

It was a failure. In forty days' time we lost \$20,000. Then I discharged the above experts and brought others from New Orleans and California and started over again. I made up my losses and came out about even on my first season.

To-day, in the place of Mr. Petak, we have Mr. Finley, a young man born in Michigan. In the place of Mr. Novac we have Mr. George Chamberlin, a young man born in Chicago. In the place of Mr. Valtar we have Mr. Howard Churchill, a young nephew of mine, 24 years of age. He is to-day absolutely master of the situation, running a sugar factory, and extracting 225 pounds of sugar, as nearly as we can figure (we hope it will be more), out of 14½ per cent beets, as against one of these Germans, who was considered a great expert, who extracted only 205 pounds of sugar out of 14⅞ per cent beets. There was only one-twentieth difference between the saccharine in the beets.

Now, there is an opening for the young men of our country. I have no doubt that some of you gentlemen sitting around the board here, born of gentle parentage, after receiving a good education, started out in the world to make your living. I did, and walked up and down the streets of a large city from store to store seeking employment, which was hard to obtain. Here, gentlemen, is a channel of employment for thousands of young Americans. Are we going to do away with this industry and turn it to any foreign country? I do not believe you will do it.

Again, let me speak of the farmers. Perhaps some of you gentlemen here are sons of farmers. You will remember that when you arrived at the age of 20 or 21 years you had to leave the old farm, which would not support the father, the mother, and yourself, and seek other employment. What is the result to-day? The beet-sugar industry requires not only the father and the mother, but the sons and the daughters and everybody they have around them to work in these beet fields; and the crop is a profitable one.

I want to say to you in this connection that the cost of producing beet sugar depends largely on what we pay the farmers for the beets. We paid them last year, and we have paid them this year, \$2.50 for a hundred pounds of sugar contained in the beet. The farmer is getting a big price for his beets. He is making money. It is a new industry. It requires high cultivation. As soon as we can invent machines—which the Yankee ingenuity will do—to perform certain parts of this work the cost will be reduced.

I saw the model of a machine a few days ago that proposes to save a dollar a ton on beets. It proposes with two plows to lift the beets from the ground, followed by a big wheel full of spikes, which, as it passes over the rows, pierces the beets, pulls them out, and at a certain point it is proposed with a knife to chop the tops off and dump the beets into a basket.

When we have labor-saving machines that will curtail the expense of cultivation we will be able to buy the sugar in the beet from the farmer at not to exceed a cent and a half to 2 cents a pound, which will pay the farmer equally as well as present prices; and as soon as we are a little more skilled in our business we can bring the cost of manufacturing sugar to a point where I will agree with the gentleman who stood here this morning, Mr. Carey, who stated that he believed they would make sugar in a very short time at 2½ cents a pound.

This industry must be protected, gentlemen. There are false impressions going out. I have met many gentlemen through these halls who have said to me: "Oh, you can't make beet sugar in competition with Cuba." I claim that we can compete with any nation on earth in sugar when we learn our business.

We will take history, and go back to the days of Napoleon Bonaparte, when the industry first started. Gentlemen, I am not going to consume much time in this; I am coming rapidly down through history. Old Napoleon started this industry in France, and from there it went to Germany. There the hardy German did what? He drove the tropical cane sugar back inch by inch, notwithstanding adverse legislation which nearly ruined the industry, until now five-sevenths of all the sugar made in the world is beet sugar.

Mr. COOPER. I would like to ask you a question which I think would be of some importance.

Mr. CHURCHILL. Go ahead.

Mr. COOPER. You stated just now that by improved machinery the beets could be grown and sold to the manufacturer at a less price than the farmer could sell them now.

Mr. CHURCHILL. Yes, sir.

Mr. COOPER. Do you mean that the consumer would then get the sugar at a lower price?

Mr. CHURCHILL. I do, most assuredly.

Mr. COOPER. Now, I want to know if the refiner or manufacturer of this beet substance into sugar will make a corresponding reduction in his profits.

Mr. CHURCHILL. He certainly will have to, as competition in America will force him to do so whether he wants to or not.

Mr. COOPER. I heard you say that you lost \$20,000 within forty days by inferior management or labor, and that you made it up in the next forty days.

Mr. CHURCHILL. Yes, sir; that is right.

Mr. COOPER. Then you can make \$20,000 in forty days at that price?

Mr. CHURCHILL. Yes; under the proper circumstances.

Mr. COOPER. What is the capacity of your factory?

Mr. CHURCHILL. Six hundred tons of beets daily, making this year 14,000,000 pounds of sugar.

Now, literally, perhaps you have asked me a question the answer to which is misleading. Under the first administration, as far as we could outwardly see, we were \$20,000 behind. There was brown sugar piled up; there was this, that, and the other product going to waste and to the sewers. I think we reclaimed a part of that material when we had competent men in charge, but under the administration of those foreign gentlemen we never could have accomplished it.

The committee thereupon, at 3.20 o'clock p. m., adjourned until Wednesday, January 29, 1902, at 10 o'clock a. m.

COMMITTEE ON WAYS AND MEANS,
WEDNESDAY, *January 29, 1902.*

The committee met at 10 o'clock a. m., Hon. Sereno E. Payne in the chair.

STATEMENT OF DR. HARVEY W. WILEY,

Chief of the Bureau of Chemistry, Department of Agriculture, Washington, D. C.

[Exhibits submitted, see pp. 659, 685, 733.]

The CHAIRMAN. Give the committee your official position, Doctor.

Dr. WILEY. I am Chief of the Bureau of Chemistry of the Department of Agriculture.

I have been asked, Mr. Chairman, to present to the committee some remarks on the following subjects:

First. The relation of the cane and beet sugar industries, and a comparison of their respective rates of growth.

Second. The agricultural and technical interests involved in the production of sugar.

Third. The cost of producing sugar from cane and beets in the United States.

Fourth. The effect of European bounties, direct and indirect, upon the world's price of sugar.

Fifth. The possibilities of sugar production in Cuba and other tropical countries tributary to the United States, directly and indirectly.

All of these problems are of great scientific and economic importance and I regret that the time at my disposal has not been sufficiently great to collate all the important facts relative to the points which I have been asked to discuss. I also must be allowed to express regret that I have not had access to the printed testimony of all the witnesses before the committee which I was asked to read and summarize. I have endeavored, in the brief time at my disposal, to comply as fully as possible with the request of the chairman and I now have the honor to lay before you the results of my investigations:

The two great sugar-producing plants of the world are the sugar beet and the sugar cane. All the other sources of sugar—and there are many of them—are of very little commercial importance. The chief of the other sources are the maple tree, the sorghum plant, and the sugar palm. These do not by any means include all sugar-producing plants, but practically all.

The production of sugar is one of the most important elements of plant growth; and when plants do not produce sugar they produce some other form of carbohydrates belonging to the same class, like starches or cellulose. In other words, sugar, starch, and cellulose or woody fiber, cotton, and things of that kind are all the same from the point of chemical composition, and are all produced by the growing plant in exactly the same way.

The sugar cane is indigenous to India, first having been found near the mouth of the Ganges. The sugar beet is indigenous to the European shores of the Mediterranean Sea, where, as originally it grew, it was an annual plant. When carried to the north, however, it changed its habit, and became a biennial plant, storing the sugar during the first year of its growth and ripening the seed during the second.

Until a hundred years ago almost the sole commercial source of sugar from plants, with the exception of honey, was the sugar cane. Maar-graff, in 1747, discovered that the sweet principle of the garden beet was identical with the sugar in the sugar cane, and he prepared laboratory samples of this sugar. His pupil, Achard, was the first, in 1797, to prepare any considerable quantities of sugar from the beet. He was the first, in other words, who went beyond the laboratory in the production of sugar from this plant. At that time sugar was a very high-priced article, bringing 25 or 30 cents a pound, and even more; and he announced (which was hardly credible in those days) that he believed sugar could be made from the sugar beet at a cost of not to exceed 6 cents a pound.

At the time of the continental blockade during the Napoleonic régime this discovery of Achard's produced a lively interest in France, and a committee of the French Academy was appointed to investigate the claims which he had made. As a result of these investigations, the Emperor Napoleon issued a decree that beet sugar should be made in France on a commercial scale; and a great many very small factories, considered from the present standpoint, were established at this time.

It was not, however, until almost half a century later that beet sugar assumed any commercial importance, although its real start as

a commercial article was due to the decrees of Napoleon, establishing these factories in France. From that period the respective growth of the cane and beet sugar industries will be of interest to this committee. [At this point Dr. Wiley exhibited a chart to the committee.]

Dr. WILEY. I have given this in a graphic form, so that by a single glance the members of the committee can see the relative growth of these two great industries during the last half century, from 1855 on. This shows the production in units of 100,000 tons of 2,240 pounds each.

It is very unfortunate, Mr. Chairman, that we have in this country so many units of measure, and it will be a great thing in commerce when Congress ordains that the metric system shall be that in common use, as it is now in official use. We have three kinds of tons, which are given by statisticians and are always producing confusion.

Mr. McCLELLAN. Three kinds, you say?

Dr. WILEY. Three kinds of ton. We have this ton, which is the usual commercial ton of 2,240 pounds; we have a short ton of 2,000 pounds, and we have the metric ton, which is the weight of 1,000 kilograms—nearly 2,205 pounds. All of these tons figure in commerce. This chart is in tons of 2,240 pounds, units of 100,000 tons.

In 1855 and 1856 the production of cane sugar, as you see, was a little over a million tons—that is, ten units of 100,000 tons each—while the production of beet sugar at that time is represented by the solid black line. Now, see the relative growth. In 1885 the quantity of sugar produced from the two sources was almost exactly equal, as you see by the equality of the length of these two lines. Since that period the beet sugar has gained most rapidly on the other, and you will see that for the estimated crop of 1901-2—that is, the crop which is now making and almost finished—the quantity of the beet sugar, as represented by the black line, is almost 7,000,000 tons, while the quantity of cane sugar is not quite 4,000,000 tons.

Thus, in the last sixteen years, the beet sugar has gained upon the cane sugar in a most remarkable manner.

Mr. McCLELLAN. Will this table appear in the report of your testimony?

Dr. WILEY. Yes, sir. It is all described in detail.

Mr. COLCOCK. I beg your pardon, Dr. Wiley; but that is commercial sugar, is it not? That is to say, India produces 3,000,000 tons of sugar which is consumed entirely by her population.

Dr. WILEY. That is mostly palm and cane sugar, which does not figure here. This, of course, is the sugar of commerce, as reported by statistics.

The CHAIRMAN. Have you a similar chart in your typewritten statement?

Dr. WILEY. I will have that chart photographed and put in with the manuscript. I will have it done immediately. The table from which this is constructed is in the text; but for purposes of illustration, the graphic form is very much better; it appeals more prominently to the eye. This is the table in detail from which this graphic chart is constructed:

Sugar production of the world, 1853-54 to 1901-2.

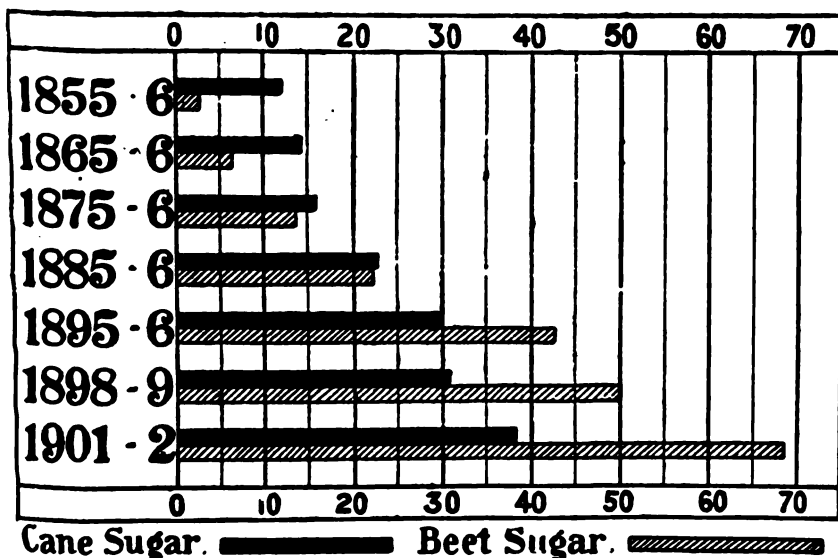
[Tons of 2,240 pounds.]

Year.	Cane.	Beet.	Total.
	<i>Tons.</i>	<i>Tons.</i>	<i>Tons.</i>
1853-54.....	1,277,000	304,000	•1,481,000
1855-56.....	1,202,000	241,000	•1,443,000
1860-61.....	1,292,000	351,000	•1,643,000
1865-66.....	1,417,000	627,000	•2,044,000
1870-71.....	1,663,000	900,000	•2,463,000
1875-76.....	1,590,000	1,343,000	•2,933,000
1880-81.....	1,911,000	1,748,000	•3,659,000
1885-86.....	2,289,900	2,229,973	•4,519,873
1890-91.....	2,632,000	3,642,000	•6,274,000
1891-92.....	2,652,000	3,813,000	•6,465,000
1892-93.....	3,040,486	3,428,515	•6,469,001
1893-94.....	3,493,780	3,889,845	•7,383,625
1894-95.....	3,581,413	4,792,530	•8,323,943
1895-96.....	2,969,811	4,285,429	•7,255,240
1896-97.....	2,816,051	4,915,759	•7,731,810
1897-98.....	2,868,901	4,872,173	•7,741,074
1898-99.....	3,095,450	5,014,572	•8,110,022
1899-1900.....	2,864,959	5,590,992	•8,455,951
1900-1901.....	3,502,390	6,145,853	•9,648,243
1901-2.....	3,850,000	6,860,000	•10,710,000

- Bouchereau's The Louisiana Sugar Report, 1898-99, p. 127a.
- Willett and Gray's Weekly Statistical Sugar Trade Journal, Sept. 24, 1891.
- Willett and Gray's Weekly Statistical Sugar Trade Journal, Jan. 3, 1896.
- Willett and Gray's Statistical Sugar Trade Journal, Dec. 2, 1897.
- Willett and Gray's Weekly Statistical Sugar Trade Journal, Nov. 15, 1900.
- Willett and Gray's Weekly Statistical Sugar Trade Journal, Jan. 2, 1902.

The foregoing table shows an increase of 201 per cent in the production of cane sugar in the last forty-eight years, and an increase of 3,263 per cent in the production of beet sugar. The world's crop has risen from 1,481,000 tons to 10,710,000, an increase of 637 per cent. This data may be more strikingly shown in graphic form, as is illustrated by the accompanying chart.

WORLD'S SUGAR CROP IN UNITS OF 100,000 TONS OF 2,240 POUNDS.



The beet sugar of the world, as is well known, is made exclusively in Europe. I say "exclusively," because, for commercial purposes, the small amount made in the United States, and the smaller amount made in Egypt and in Canada, cut no figure whatever so far in commerce. So that we may say that the home of the beet sugar is on the Continent of Europe.

The question of the relative character of the two sugars comes also into this discussion. "Are they identical?" This is a question which has been asked me hundreds of times. I will say, in reply, that the pure sugar made from cane and made from beets is identical in every particular; but the raw sugars are wonderfully different in their composition, so it is only the absolutely pure sugars which can be regarded as identical. Therefore, although this table shows the rapid relative growth of the beet industry, it does not mean by any means that the beet industry can ever drive the sugar-cane industry out of existence, although a great many people calmly speak of the possibility of such an event in the future—that is, that the increase in the beet-sugar industry will be so great that the industry of making sugar from the sugar cane will cease.

There are, however, certain uses, based upon the properties of the two sugars, which can not be interchanged. For instance, for commercial purposes, for baking purposes, for preserving and other similar purposes, the raw beet sugar can never take the place of the cane sugar, for the reason that beet sugar in its unrefined state is scarcely fit for human consumption, either directly or in the cuisine.

This is best illustrated by two samples which I have brought, such as are taken every day for polarization for the purpose of ascertaining the rate of duty to be imposed upon imported sugar. Under the arrangements between the Secretaries of Agriculture and of the Treasury, the control of all the sugar laboratories in the Treasury is vested in the Department of Agriculture, so that we get every day samples of the sugars which are taken for polarization, and these are samples that come to our laboratory.

I wish the committee would simply open these two cans and smell each one, and you can then understand the force of my argument, and understand why it is that a raw beet sugar can not be used for commercial purposes, while a raw cane sugar can be. So for the great preserving industries, for making jams and jellies, and for baking cakes, where low-grade sugars are preferred, the beet sugar can never take the place of the cane sugar. Therefore, the cane sugar, in spite of this relative increase in magnitude of the two industries, can never be driven from the markets of the world.

I will show, as the hearing proceeds, what the cause of this remarkable increase is.

Now, Mr. Chairman, you might think that when you refine that article this difference would disappear. But I can tell, and so can any expert in sugar, whether a refined granulated sugar is made from cane or whether it is made from beets.

Mr. McCLELLAN. Without analysis?

Dr. WILEY. Without analysis. You simply need to place such a sugar in a jar, only partly filled, and stopper it for twenty-four hours. Take a perfectly white sugar, polarizing almost 100, made from beets. Place it in a jar, stopper for twenty-four hours, take out the stopper,

and smell it. This odor, like the odor of the roses in the broken vase, "will hang round it still," even in the refined state as it is sold in commerce.

Of course you will understand that refined sugar is not chemically pure. I have said to you that if they be chemically pure the two sugars are identical; but in commerce they are not absolutely chemically pure. So, even in the refined state, this difference in odor still attaches itself to these two classes of sugar. It is not noticed when the sugar is left opened, but it is noticed when the jars are closed.

The CHAIRMAN. Is that any detriment to it in ordinary use?

Dr. WILEY. Not at all, sir; not in the least for the ordinary purposes to which sugar is put.

The CHAIRMAN. Doctor, thirty or forty years ago large quantities of centrifugal sugar from cane were used in the country, without being refined, were they not?

Dr. WILEY. Yes, sir; and I am sorry they are not yet. It is the best sugar in the world.

Mr. McCLELLAN. It is what was called brown sugar, I believe?

Dr. WILEY. Brown sugar or yellow sugar; and I wish that our people would still have the good, old-fashioned taste for that kind of sugar. It is still the taste in London. The fashionable sugars in London are not white sugars, but yellow crystals, sometimes artificially colored to make them yellow, in order to increase their market value.

Mr. McCLELLAN. I do not understand why the sugar producers of Louisiana do not sell that sugar on the market to a greater extent.

Mr. OXNARD. They do sell it.

Mr. McCLELLAN. We do not see any of it in our part of the country.

Dr. WILEY. Well, I do not know, Mr. Chairman. I prefer the yellow sugars myself, both in taste and flavor, to the refined sugars.

The CHAIRMAN. I confess I have had quite a liking for it from boyhood.

Dr. WILEY. The sugar beet, as will be evident without reference to the maps of the country, is preeminent among sugar-producing plants as having reached its highest perfection in northern latitudes. It is a plant which is remarkably susceptible to its environment, varying rapidly and radically when subjected to various climatic conditions. The nature of these variations and the particular conditions of environment which most influence the beet have been established by rigid scientific investigation. The results of the most recent of these investigations have been published as Bulletin 64 of the Bureau of Chemistry of the Department of Agriculture, marked "Exhibit K" (see page 659). This exhibit shows that in our own country our best beets grow in northern latitudes. I also offer "Exhibit L" (see page 685), being Farmers' Bulletin No. 52, showing the probable southern limit of profitable beet culture in the United States, as indicated by a map in which the shaded band represents the limit referred to. All the area in this belt and north of it, where the conditions are favorable to culture, can be devoted, in part at least, to the production of sugar beets, remembering only that the northern limit is that which permits the ripening of the crop and its harvest before the advent of winter.

The reason of this is a physiological and biological one which is evident to all. The formation of sugar is a function of sunlight and of the green cells of plants; and therefore, during the growing season, the

more sunlight you can get upon a plant like the beet, other things being equal, the more sugar it will produce. As you go north the length of the day increases during the growing period, so that in northern New York the day at least is an hour longer than it is in Louisiana. Therefore a sugar beet grown in Louisiana would have an hour less to work during each twenty-four hours in the formation of sugar; and this, during the whole growing season, would make a vast difference. It is seen in Bulletin 64, "Exhibit K (see page 659)," that beets grown in Raleigh, N. C., from the same seed as the other samples, had only 5 or 6 per cent of sugar, while beets grown from the same seed at Geneva, N. Y., had 16 per cent of sugar.

This is a remarkable fact, showing the susceptibility of the sugar-beet to environment. Planting the same seeds, cultivating the same way, and giving them the same attention, we only got 6 per cent of sugar in Raleigh, N. C., while in Geneva, N. Y., we got 16 per cent.

But the sugar-beet resembles perhaps more than anything else the high-grade stock of the country. It has the same position in plant life that the Jersey cow and the race horse have in live stock. It is the result of high breeding, and therefore is extremely susceptible to environment, as is every high-bred animal and plant.

On the other hand, the sugar cane is still almost in its natural state. It is not a high-bred plant, and therefore is less susceptible to environment, and less effect has been produced upon it simply because it was not necessary. Nature has cared for the sugar cane. She has endowed it with a natural content of sugar ranging from 12 to 16 per cent, while with the beet it is only from 4 to 6 per cent. Thus the beet represents, in the plant kingdom, the result of scientific agriculture, while the cane represents the result of Nature's endowment alone; and the beet illustrates more than any other plant what science applied in agriculture can do for the human family, it having developed from an unpromising material a source of sugar which more than rivals that which Nature has put of her own accord in the sugar cane. Thus the beet commends itself, by reason of its high breeding, to the favorable consideration of all persons who have control, by fiscal legislation or otherwise, of its future. It is as susceptible to legislation as it is to environment, and therefore is a plant of the highest culture, representing the highest skill and the highest agriculture, and being worthy of our particular attention on that account.

The next point to which I will bring your attention is the consumption of sugar in the United States, for that is a problem which touches directly upon this industry, and as what I say I try to base solely on established statistical data, we want to have them before us in a form in which they can be used.

Consumption of sugar in United States, 1881-1901.

[From Willett & Gray's Statistical Trade Journal, January 2, 1902.]

Year.	Tons of 2,240 pounds.	Increase over pre- vious year.	Per capita.	
			Pounds.	Increase over pre- vious year.
		Per cent.		Per cent.
1881	993,532		44.2	
1882	1,061,220	6.8	44.8	9.5
1883	1,170,375	10.3	51.1	5.6
1884	1,252,366	7	51	*.2
1885	1,254,116	.14	49.96	*2.1
1886	1,355,809	8.11	52.55	6.2
1887	1,392,909	2.73	53.11	1.7
1888	1,457,264	4.62	54.23	2.2
1889	1,439,701	*1.21	52.64	*2.9
1890	1,522,731	5.80	54.56	3.6
1891	1,572,400	22.96	67.46	23.6
1892	1,553,370	*1.102	63.76	*5.5
1893	1,605,862	2.83	63.83	1.1
1894	1,612,714	5.08	66.64	4.4
1895	1,649,744	*3.27	64.23	*3.6
1896	1,640,086	.53	60.9	*5.2
1897	2,070,978	6.79	63.5	4.3
1898	2,002,902	*3.29	60.3	*5
1899	2,078,068	3.75	61	1.1
1900	2,219,847	6.82	66.6	9.2
1901	2,372,316	6.87	69.7	4.7
Total for 20 years		*138.77		57.69
Average per annum		*6.94		2.88

* Decrease.

* From United States Department of Agriculture Yearbook, 1898, p. 722.

* Based on consumption for 1881 alone. The average annual increase in consumption over the previous year is only 4.45 per cent.

This table shows that the total percentage of increase in consumption in the United States for the twenty years beginning with 1881 is 138.77, and the average increase per year 6.94 per cent. The consumption per capita has increased during the same period 57.69 per cent, showing an average yearly increase of 2.88 per cent. These data are extremely valuable in enabling us to compute the probable consumption of sugar in the United States at any not too remote future period. It is fair to assume that if conditions remain practically as they are, there will be an average annual increase of 7 per cent in the consumption over 1881, due to the increase in the population on the one hand, and the average annual increase in consumption of about 3 pounds per head on the other.

Mr. COOPER. Doctor, have you in your paper a statement showing the production of sugar in all countries, the quantity produced, and the markets at which it is disposed of?

Dr. WILEY. I have not included in the table the markets, but I have included the other points you mentioned.

In ten years, therefore—and this is one of the points which this committee has asked me to consider in this presentation—the increase in consumption would be equal in round numbers to a consumption of 3,000,000 tons. In twenty years from this time the consumption, according to the same calculation, would amount to 3,780,000 tons, which represents the consumption of sugar in the United States in 1921.

It may be said with reason that it is not accurate to base consumption for so long a time upon a period so remote as 1881. The table shows that for the 20 years covered therein the average annual rate of

increase of consumption was almost 4.45 per cent over the consumption of the previous year. In 1911, according to this rule, the consumption would be 3,667,000 tons instead of 3,000,000 tons, as computed by the first method. In 1921, according to the same rate of annual increase, the consumption would be 5,667,000 tons. It is quite probable, however, that a geometrical rate of increase would not be maintained, and perhaps the nearest approximation we can make to the actual consumption would be a mean between the two methods of computation. This would make the probable consumption in 1911 3,333,500 tons, and in 1921 4,723,500 tons.

It will be interesting to compare the above data with some of the principal beet-sugar producing countries of Europe. The consumption of sugar per capita in France is 36.9 pounds, in Germany 33.9, in Holland 32.4, in Belgium 23.3, in Austria 17.6, and in Russia 14 pounds. It is thus seen that the great sugar-producing countries of Europe, upon the whole, use just about one-third as much sugar per head of population as is consumed in the United States. It is evident that the necessity for a foreign market in Europe is a very great one, especially in those countries of Europe where the production is enormously in excess, as is true in the three great sugar-producing countries of Germany, Austria-Hungary, and France.

The reasons of this smaller consumption are not difficult to discover. In the first place, the people of those countries, as a rule, are not so well to do as they are in our own country; and hence do not have so much money to spend for an article of food which still, in some parts of Europe, perhaps, is considered a luxury rather than a necessity. The more efficient reason, however, is found in the fact that by the system of taxation in those countries, which will be explained further on, the price of sugar for domestic consumption is raised enormously above the cost of production, while these same countries offer their sugar to foreign countries at a price certainly not above the cost of production, and sometimes even under that cost. This subject will be discussed again in a subsequent part of these remarks.

An important question which is brought before the committee at the present time is, "What does it cost to make sugar in different parts of the world?" This is a question which it is very difficult to answer with accuracy, and on which there is a great deal of conflicting testimony. All the factors which enter into the industry, of course, have to be considered; and it is almost impossible to obtain the exact data in all cases. It appears from a great deal of the evidence which has been brought forward that sugar production has ceased to be a paying industry. The evidence which was submitted by the sugar interests favoring reciprocity, and published as hearings before the Committee on Ways and Means under date of January 15 and 16, 1902, is to the effect that at present prices sugar production has ceased to be profitable in Cuba.

The German sugar producers have the same complaint to make of their own industry. In a review of the world market for sugar, the *Centralblatt für die Zuckerindustrie*, published in Magdeburg, January 3, 1902, says:

No one sheds a tear for the old year, since it brought severe losses to the trade, only disappointments to sugar-beet agriculture, and a depression in the price of raw sugar which means ruin for a number of factories. As concerns the new year, especially in view of the uncertainty of the future of our trade policy which exercises a paralysis on our spirit of enterprise, we dare not base any too great hopes.

The sugar-producing interests in the British tropical colonies are absolutely upon the verge of ruin, as is shown by the testimony before the royal commission. (See reports of West India Royal Commission, vols. 1 to 3, inclusive, entitled "Minutes of Proceedings, Reports of Evidence, and Copies of Certain Documents," printed by order of Parliament in 1897, by Eyre & Spottiswoode. The documents are marked C-8655, C-8656, C-8657, and C-8669.)

In the testimony which is presented by the beet-sugar makers of Michigan in a circular which was offered to the committee, on page 10, line 241, it is stated that the total cost of making 100 pounds of refined sugar is \$4.682. At the same time the selling price of sugar in Michigan is stated to be \$4.463 per 100 pounds. According to this showing, the Michigan beet-sugar growers are losing \$0.219 per 100 pounds.

In the testimony of the Louisiana sugar planters, Colonel Hill said:

We can not make sugar in Louisiana for less than $3\frac{1}{2}$ cents a pound.

And he showed that the price received for the sugar was three-sixteenths of a cent less than the price of the same sugar in New York. Thus, at the ruling price of raw sugar in New York (which, during January, has been about $3\frac{1}{2}$ cents a pound), the price received by the Louisiana people was almost exactly the actual cost of production, leaving no margin of profit whatever.

All this testimony, coming from all quarters of the sugar-producing world, shows that the sugar industry at the present time barely exists, or is positively on the road to bankruptcy.

Perhaps the most reliable data in regard to the actual cost of beet sugar in the United States are contained in Census Bulletin No. 59, issued March 7, 1901, which is presented as "Exhibit M" (page 733). The data which this bulletin contains were obtained under directions which I prepared and by one of my assistants, Dr. G. L. Spencer, who, perhaps, is the best-posted sugar expert in the United States. Dr. Spencer personally visited every factory, and thus secured all the data in person; and it is believed that they represent as nearly as possible the truth in this matter. This bulletin shows that the average richness in sugar of the beets grown in the United States during the census year ended May 31, 1900, was 14.5 per cent, and the coefficient of purity 81.2. By "coefficient of purity" is meant the percentage of sugar found in the total solids in the juices of the beets. The coefficient of purity is a most important factor in calculating the yield of refined sugar per ton. The higher the coefficient of purity the greater the percentage of sugar contained in the beets which is finally secured in a merchantable form. The coefficient of purity of the beets grown in the United States is almost at the lowest limit permissible for good results in manufacture. In other words, a coefficient of purity less than 80 is considered extremely poor.

In regard to the actual cost of beets, or rather the amount paid to the farmers therefor, the Census Bulletin shows that it amounts to \$4.39 per ton of 2,000 pounds. This includes the price of beets in New York, which, by the bounty law of that State, must be \$5 per ton. The price paid for beets in most parts of the United States is on a sliding scale, being \$4 per ton of 2,000 pounds for beets containing 12 per cent of sugar, with about $3\frac{1}{2}$ cents increase for each tenth of a per

cent of sugar above 12, and a corresponding decrease for each tenth of a per cent below 12.

In regard to the yield per acre, it is seen that during the census year 135,305 acres of beets were planted in the United States, yielding 794,658 tons. This is a yield of 5.8 tons per acre. A considerable percentage of the total acreage planted to beets was not harvested, so that the yield per acre of harvested beets was somewhat greater than that mentioned. The actual number of acres harvested was 105,175, and the average yield of beets per ton of 2,000 pounds was nearly exactly 8 tons per acre. The quantity of sugar made from these beets was 161,474,100 pounds, or 203 pounds of sugar per ton of beets. Pure granulated sugar formed 72 per cent of the total of this output, and 28 per cent was low-grade sugar suitable only for refining. The average polarization of this low-grade sugar is not given in the census returns, but we know by experience that it was probably below 90. If we place it at 90 it is seen that the total amount of pure sugar recovered from 2,000 pounds of beets was considerably less than 200 pounds, and probably not more than 190 pounds.

The testimony of the Michigan people is that they are getting about 9 tons of beets per acre.

I wish to say this about reported data regarding yields, etc., Mr. Chairman: They are nearly always unreliable. You will hear a man say: "I got 40 tons of beets per acre, and I made 250 pounds of sugar per ton." While it is pleasant to hear men say that, I do not think they believe it, and I certainly do not believe it. When you come to these enormous yields it may be possible in individual cases that a small area will give them, but we must take the average. What is the average yield, and what is the average output? That is what the committee wants to know, and that is what I am trying to give them.

Now, these are my opinions from these data. You can take them for what they are worth.

With all the reliable data which are available I would say:

1. The average yield per acre of beets in the United States does not reach 10 tons.

2. Our farmers for the most part are growing beets without any fertilization, and it is not likely that the average yield will be increased until fertilizers are abundantly supplied and more scientific forms of agriculture practiced.

3. It is almost impossible to determine just what the farmer's expense in growing a crop of beets is, as it is hard to estimate his labor and that of his own people and farm animals.

4. The actual cost of the production of beets in this country, where fertilizers are not used, may be confidently stated as not less than \$30 per acre.

5. The cost of manufacturing the beets is better known, because the data are more easily accessible. In the manufacture in the United States of the 794,658 tons of beets reported in the census bulletin, there were used the following quantities of materials:

Limestone	tons..	64,805
Coke	do.....	7,519
Sulphur	do.....	149
Barrels		90,985
Sacks		1,342,649
Coal	tons..	109,235
Oil	gallons..	7,017,079
Wood	cords..	3,459

In the manufacture of these beets the following expenses were incurred:

Paid for beets	\$3, 485, 320
For fuel	453, 036
Milling supplies	18, 933
Freights	369, 070
All other materials	477, 437
Salaries and wages	1, 448, 882
Miscellaneous expenses	451, 351
Total	6, 704, 029

The above represents the actual expense of manufacturing 794,658 tons of beets, yielding products which are valued at \$7,323,857. This shows an apparent profit on manufacture of \$619,828 on an invested capital of \$20,958,519, which represents almost exactly 3 per cent of the money invested. No account has been taken, however, of the deterioration of the plants known as wear and tear and repairs. This, on a capital of \$20,000,000, would be at least 10 per cent, or \$2,000,000.

Mr. METCALF. Do you mean for a year?

Dr. WILEY. Yes, sir.

Mr. METCALF. Is not that a little bit high?

Dr. WILEY. I do not think so, sir.

Mr. METCALF. Do we not estimate, for depreciation of all machinery, about 5 per cent?

Dr. WILEY. With repairs and all restorations, I do not think it is very high.

The CHAIRMAN. I think the rule of manufacturers is 10 per cent.

Dr. WILEY. I have been in the business a good deal, not as an investor, but as an expert.

The CHAIRMAN. I think 10 per cent is the rule among manufacturers generally.

Dr. WILEY. I do not think I have estimated it too high. It may be.

Mr. STEELE. The plants stand idle nine months in the year.

Dr. WILEY. If this be taken into consideration, the apparent profit of 3 per cent on manufacture vanishes.

Mr. NEWLANDS. It means a loss, then, does it not?

Dr. WILEY. It means a loss.

Mr. NEWLANDS. Of \$1,800,000?

Dr. WILEY. Yes, sir. That is for the census year, remember; and that contains the most reliable data we have.

Now, while it is doubtless true that a few of the factories during the census year made profits, it is perfectly evident, from a critical study of the only reliable data which we have on the subject, that for the whole sum invested, after allowing for wear and tear, there was a deficit instead of a profit.

I desire to call the particular attention of the committee to this part of my statement, because the Census Bulletin itself refers to it.

We readily grant that the census year, viz, the year ended May 31, 1900, was not a most favorable one from an agricultural point of view; and it is hard, Mr. Chairman, to find when there ever was a favorable year. I never have known any kind of an industry that did not have a bad year, about the time the census is taken. In fact, if this assumption is not made, it is evident that the beet-sugar industry of the United States is not on a paying basis. But granting this point, it is clearly seen that, taken as a whole, the profits made by the farmer in

growing the beets and the manufacturer in turning them into sugar are not greater than the character of their labor and the expenses connected therewith would warrant.

The foregoing data show that the total number of pounds of beet sugar made was 161,474,100, which would make the actual cost of the sugar 4.15 cents a pound. It may be safely stated, therefore, that the minimum cost of the production of beet sugar in the United States, up to the present time, has not been less than 4 cents a pound.

The cost of making beet sugar is slightly greater than that of cane sugar, and this is easily explained when it is considered that the process of manufacture of beet sugar is by far more complicated and more expensive than that required for cane sugar.

The actual price paid for foreign sugars delivered in New York is easily obtained by deducting from the market price the amount of duty which is collected. To the amount of duty must be added the countervailing duties on sugars imported from Germany, Austria, Russia, and France, and other countries paying bounties on exported sugars.

I come now to the fourth point which I was asked to discuss by the committee, viz, European sugar bounties, and I want to call the special attention of the committee to this part of the discussion. I was asked to state what they are, how they are paid, what effect they have upon the industry both in Europe and in this country, and what methods are employed for neutralizing their effects.

The German law now in force, with very slight modifications, became effective on May 29, 1896. The sections which are of importance in regard to the bounties are as follows:

SEC. 77. When sugar in quantities of at least 500 kilograms is exported, or deposited in public or private warehouses under official control [what we call bonded warehouses], and not intended for domestic consumption, it is entitled to the following direct premiums:

(a) Raw sugar of at least 90 per cent purity, and refined sugar under 98 per cent purity, 2.50 marks per 100 kilograms (0.269 cent per pound).

(b) Loaf sugar and all sugar in pure white blocks or cubes of at least 99.5 per cent purity, 3.55 marks per 100 kilograms (0.383 cent per pound).

(c) For all other sugars of at least 98 per cent purity, 3 marks per 100 kilograms (0.324 cent per pound).

SEC. 79. The Bundesrath is authorized to lower or abolish the above premiums when other countries paying bounties on exported beet sugars lower or abolish them.

SEC. 80. The tariff on imported sugars of all kinds, solid and liquid, is 40 marks per 100 kilograms (4.32 cents per pound).

Mr. NEWLANDS. What is that—4 cents a pound?

Dr. WILEY. Yes, sir; 4 cents and a little more—4.3 cents a pound. That is the import duty.

The French law now in force bears date of April 7, 1897, and was promulgated in the Journal Officiel of April 8, 1897. Its provisions relating to direct bounties on exported sugars are these:

(a) Unrefined sugars, granular or in small crystals, of at least 98 per cent polarization for beet sugars, and 97 per cent for colonial cane sugars, the polarization being made before the deduction of loss during refining, receive a bounty of 5 francs per 100 kilograms (0.35 cent per pound) of pure sugar contained therein. When, however, sugars of this category are so pure that they polarize not less than 99.75 per cent, they are entitled at their full weight to the rate of bounty enjoyed by exported unrefined sugars.

(b) Raw sugars polarizing from 65 to 98 per cent for beet sugars, and from 65 to 97 per cent for colonial cane sugars receive, for each 100 kilograms of pure sugar contained therein, 3 francs 50 centimes (0.31 cent per pound).

(c) Rock crystal sugars (candied sugars) are entitled to a bounty of 4 francs 50 centimes (0.39 cent per pound) per 100 kilograms of pure sugar.

(d) Refined sugars, in loaves or blocks, perfectly white, hard, and dry, 4 francs 50 centimes per 100 kilograms (0.39 cent per pound).

(e) Powdered sugars, for each 100 kilograms of pure sugar therein, 4 francs 50 centimes (0.39 cent per pound).

(f) Refined sugars, in grains or crystals, polarizing at least 98 per cent, 4 francs per 100 kilograms (0.35 cent per pound). When the sugars of this last category polarize 99.75, they will be considered as pure refined sugars, and will be entitled to a bounty at their full weight without any deduction whatever.

It is important to note, in connection with these laws, especially the French, that indirect bounties on export sugar are secured by a duplex system of taxation—a tax on the domestic industry and one on importations. In all the sugar-producing countries of Europe the domestic sugar industry is highly taxed. In each of these, however, the duties levied on importations are invariably higher than the tax on domestic production. The object of this is to secure the consumption of domestic sugars, and practically to exclude those of foreign origin. The wisdom of such a fiscal policy can not be discussed here.

By reason of the indirect French tax, it is very difficult to compute just what the indirect bounty is. The Secretary of the Treasury has done that, however, and in fixing the amount of the countervailing duty has taken that into consideration.

Mr. TAWNEY. One moment. Did you state what the import duty was on sugar going into France?

Dr. WILEY. I did not quote that part of the law; but it is almost exactly the same as the German import duty. I can not give the exact figures, because I did not quote that part of the law here; but as I say, it is almost exactly the same as in Germany.

Mr. DALZELL. Doctor, there is no sugar imported in either France or Germany, is there?

Dr. WILEY. Almost none. There may be a little cane sugar imported for special purposes.

On December 12, 1898, the Secretary of the Treasury issued his instructions for collecting countervailing duties against sugars imported from France and Germany as follows.

(Now, these are the countervailing duties against France to cover these direct and indirect bounties of which I have spoken.)

FRANCE.

Raw sugars of the standard of 65 to 98 per cent for beet-root sugars, or of 65 to 97 per cent for French colonial sugar, per 100 kilograms of refined sugar, 100 per cent, francs 10.82.

Sugar candies calculated at their legal equivalent, per 100 kilograms, effective weight, francs 11.51.

Refined sugars, in load or crushed, clear, hard, and dry, per 100 kilograms, effective weight, 11.51.

Raw and refined sugars in grains or crystals of a minimum standard of 98 per cent, francs 11.17.

The output of refined sugar from raw is calculated by deducting from the polarization of the raw sugar twice the glucose, four times the ashes, and $1\frac{1}{2}$ per cent for loss in refining.

These are the total countervailing duties collected on French sugar.

Mr. McCLELLAN. And they are practically equivalent to the bounties paid?

Dr. WILEY. As nearly as we can compute them. We know the direct bounty; that is in the law. The indirect bounty in France is

computed on what they call the legal yield. They allow, say, that a ton of beets would make 7 per cent of refined sugar. Then when they export 140 pounds of refined sugar they get a rebate of the total amount they have paid on that ton of beets as the internal-revenue tax; but as they get over 10 per cent of sugar, they get the same rate of rebate on the excess; and that is the indirect bounty which these instructions consider in connection with the direct bounty.

The imposition of the duties above described mean almost an absolute shutting out of French sugars from our markets, as they amount to almost 2 cents a pound.

Mr. NEWLANDS. Is that in addition to the regular duty?

Dr. WILEY. Yes, sir; it is in addition to the regular duty.

Mr. NEWLANDS. Making 3.68 in all?

Dr. WILEY. About 3.68 for French sugar, of about 96 polarization.

The countervailing duties on German sugar are as follows:

On raw sugar at least 98 per cent polarization, and on refined sugar under 98 per cent and at least 90 per cent, 2.50 marks per 100 kilograms.

On candy and sugar in white, hard loaves, blocks, crystals, etc., at least 99½ per cent, 3.55 marks per 100 kilograms.

On all other sugars at least 98 per cent, 3 marks per 100 kilograms.

The countervailing duties on German sugar, as published by the Secretary of the Treasury, were taken directly from the German law. In regard to the French bounties, the calculations have evidently been based upon the actual yield in refined sugars, as determined by the statistics of the industry in France.

I wish to say here, Mr. Chairman, that what I am now going to read I wrote five years ago. It is from an article published in *The Forum* in July, 1897, before this question came up before this committee or before it was supposed that it would come up, and these are the words I used at that time:

"In order that a government may be enabled to pay either a direct or an indirect bounty the funds must necessarily be obtained by a tax on the sugar consumed. All fiscal legislation which provides for direct or indirect bounties must, therefore, be based on a tax upon the domestic consumption; and the tax must be proportionate to the magnitude of such consumption. It is evident that the funds available for this indirect bounty depend upon the ratio between the total production and consumption. In France the selling price of sugar for domestic consumption is determined by the duty on imports. If the manufacturer could dispose of his total product for home consumption, the amount of profit would be equal to the difference between the internal tax, the cost of production, and the tariff on foreign sugars. Now, if to this profit we add that accruing from the excess of the actual over the legal yield, we shall see that the manufacturer has two great sources of revenue, viz: (1) The difference between the internal and the tariff taxes, and (2) the rebate in internal tax arising from the excess of yield; this rebate alone being regarded as the true bounty. The total amount of sugar yielded in excess of that fixed by law varies with the richness of the beet in saccharine matter, and the efficiency of the process of manufacture; consequently only an approximate estimate of the profits obtained in this way can be made.

"The excess of production over consumption must either be carried as stock on hand or exported. The immediate purpose of the direct premium is to force this surplus into the export trade by offering it

to other sugar-eating nations at less than cost price, or at least at a price lower than that of rival dealers."

Now, that is the essence of the purpose of these bounties. It is to force into the markets of the world, at less than cost price, or at least at a price lower than that of rival dealers, this surplus of sugar; and this is the language I used five years ago:

"The producer in the country whence the sugar is exported not only 'pays the freight,' but also makes a contribution to the family expenses of the purchaser. Fortunately, in the United States taxes are not yet levied for the support of private families in other countries.

"The effect of the premium on exports of sugar is twofold. In the first place, it stimulates domestic production in the country in which the premium is paid, by securing a larger foreign market for the sugar produced. The high taxes in continental countries restrict the home consumption, and, unless an outlet be found, the limit of the industry is soon reached. By reason of the high premium received, exporters are enabled to undersell in the markets of the world those whose sugars are grown without the stimulus of a direct or indirect bounty. In the second place, the effect of the premiums on exported sugar is to cheapen its cost to the consumer in non producing countries, whereby the consumption in those countries is increased. The effect of the bounties is seen chiefly in England, which, in proportion to its population, is the largest sugar-consuming country in the world."

England until lately levied no import duty on sugar. It now has a duty of about 1 cent a pound.

Mr. McCLELLAN. That is a war duty, is it not?

Dr. WILEY. Yes; and they are speaking of raising it.

"Consequently, the price of sugars in the London market is not subject solely to the law of supply and demand, but is cheapened in direct proportion to the amount of premiums paid by continental countries. The result has been one of which, upon the whole, the English people have had no reason to complain in so far as the price of sugar is concerned; but, on the other hand, the English sugar refiners and the British sugar-producing colonies have been practically ruined by the continental system of bounties. Indeed, so great has been the distress produced thereby that, on various occasions, Parliament has seen fit to investigate the subject; and Parliamentary committees have not only debated upon it in London, but one such committee has recently visited all the principal colonial centers of sugar production."

That committee visited Washington, and was in consultation here quite a while on this very subject of which we are now speaking.

Now, this is the continuation of my paper. I call the particular attention of the committee to this quotation from the article above referred to as it was written five years ago, before the contingency which now faces the committee was ever thought of. The quotation is as follows:

"In this country the effect of the continental bounties is beginning to be seriously felt; and the situation has lately been rendered more acute by reason of the difficulties in Cuba, which island in the past has been our natural source of supply. The war has reduced the Cuban production, in round numbers, from 1,000,000 to 100,000 tons; and by reason of the great plethora of sugar in continental Europe, caused by the application of the bounty system, almost the whole of this deficit has been drawn from beet sugar producing countries. It is safe to say that at the present rate of consumption, our annual importation of

beet sugar amounts to 800,000 tons, an increase of 700,000 tons in three years."

Of course that condition has now largely passed away.

I will add one more quotation from the same article, since it bears on this question.

"The problem of foreign sugar bounties should not be difficult to solve. The nature and amount of these bounties, in the two principal sugar-producing countries of Europe, have been pointed out.

"Unless the other sugar-producing countries of the world take some restrictive action, it is hard to say where the policy which is now controlling European producers will lead them. Instead of diminishing, we see the premiums on exports increasing. France has met the direct bounty offered by Germany, and is prepared to go further. Other sugar-producing countries in Europe are clamoring for the same degree of support furnished by Germany and France. Unless an end is put to this 'merry war,' it may go on until sugar can be delivered in London at simply the cost of transportation, or at a still lower figure.

"It is not my purpose to discuss here the disastrous effects which such a course will eventually produce among the continental nations of Europe. It is sufficient to consider it in relation to our own policy, in order to ascertain how it will affect our interests. It is certain that the bounties under laws now governing the sugar industry in Europe, unless met by proper countervailing duties"—

Now, this was written some time before they were enacted—

"Will check and eventually destroy that department of our agricultural industry which is so eagerly turning its attention to the production of sugar." (*Italics not in original.*)

The British delegates to the sugar conference which met at Brussels in 1898, in their report to Parliament, C-8938, Commercial No. 6, 1898, made the following summary in regard to the matter:

We do not consider it to be any part of our duty to discuss the economic aspects of the sugar bounty question, either in its bearing upon the United Kingdom or upon the British colonies. This branch of the subject has already received the careful consideration of Her Majesty's Government; but having given above a brief outline of the proceedings of the Brussels Sugar Conference, we desire to offer the following general observations upon the present position of the question from the international point of view:

Austria-Hungary, Germany, Belgium and Holland desire to effect a complete abolition of the bounties, and no opposition to an arrangement to this effect is to be apprehended from Spain and Sweden. France, however, while willing to abolish the direct bounty on export under her law of 1897, wishes to retain the advantage of the indirect export bounty created by her internal law of 1884; and Russia declines even to discuss whether her existing system amounts to a bounty on export or not.

Germany grants only a direct export bounty, which is, roughly speaking, about equal in amount to the direct export bounty granted under the French law of 1897; and although sugar can be produced cheaper in Germany than in France, it is not to be expected that Germany will consent to abolish the whole of her bounty while France retains that created by her law of 1884, which is about three times as much as the direct export bounty granted under her law of 1897. Austria-Hungary, on the other hand, contends that the Russian system does in fact amount to the grant of a bounty on exportation, and as Russia is her chief competitor in the sugar markets of Italy and the Levant, the Austro-Hungarian Government are not prepared to abolish their bounties unless some modification can be obtained in the Russian system.

It seems clear that in these circumstances there are but two methods of securing the suppression of the bounty system:

1. By coming to some arrangement for such modifications or limitations in the French and Russian systems as may be acceptable to the other sugar-producing States, in return for the suppression of their bounties.

At that time Russia claimed that she gave no bounty, and the first decision of our Secretary of the Treasury was to that effect, but when he came to investigate the matter, he found that Russia was giving a very large indirect bounty. We therefore countervail Russian sugars at the present time, as a result of that investigation.

2. By the conclusion of a convention between a certain number of the sugar-producing States providing for the total suppression of sugar bounties within their dominions, and engaging that they will either impose countervailing duties on, or prohibit the entry of, bounty-fed sugar coming from States which can not be induced to become parties to the convention.

That is going further than the English proposed to go, and further than we ever did. We only proposed to countervail; the English delegates proposed to prohibit the entry of bounty-fed sugar to the London markets.

This is what the English say about the market of the United States:

The market of the United States is already rendered unprofitable by this means to all bounty-fed sugar. All the continental sugar-producing States, by means of customs duties and internal legislation, reserve the entire supply of the home market to the home producer of sugar; and the English, and to a rapidly increasing extent the Indian, market thus becomes essential for the surplus sugar production of the European countries. Any steps by which these markets might be closed to bounty-fed sugar must, therefore, have a decisive effect in securing the speedy abolition of the bounty system.

That system is, however, now felt to press heavily on the economic resources of those States which have recourse to it, and it is not impossible that a further exchange of views may lead to some concessions by France and Russia which would form the basis of a general arrangement acceptable to all the sugar-producing States, as at least a mitigation of the unsatisfactory system which at present prevails. If no solution can be obtained, it is possible that a still worse state of affairs may result by the increase of bounties in various countries.

This is the end of the English quotation.

Another international conference in relation to sugar bounties is now in session at Brussels, as you all know. The English delegates have at last awakened to the necessity of doing something for their own colonies, and, following the example set by the United States, are proposing to establish countervailing duties upon bounty-fed sugar imported into Great Britain, equivalent in magnitude to the bounties, both direct and indirect, which such sugars receive. This is rendered all the more easy because since the last Congress England, for the purpose of raising revenue, has laid an import duty upon sugar equal to about 1 cent per pound, a duty which it is seriously contemplated to raise at the present session of Parliament. Thus, at last, the English Parliament sees its way clearly to doing something for its own tropical possessions, by doing what simple justice has long demanded, viz., protecting her own markets, at least to the extent of the absolute bounties paid, in the interests of her own colonial producers.

It is evident from the above discussion of the bounty system, and also from the amount of countervailing duties levied by the Secretary of the Treasury, under the law, against such sugars, that the actual price of raw sugars in the markets of the world is to-day at nearly five-tenths of a cent below its legitimate limit, due solely to the bounties which have been paid. Thus the abolition of these bounties by international agreement, or their practical abolition by reason of the United States and Great Britain levying a countervailing duty against them, would be equivalent to raising the price of raw sugars nearly half a cent a pound, and thus affording in a far more effective manner

than that proposed before this committee some alleviation to the producers of sugar, not only in the United States, but also in Cuba.

Another difficulty which the producers of raw sugar for legitimate markets have to contend with is the so-called "cartel," lately formed in Germany and Austria for the purpose of controlling the output of refined sugars in those countries by fixing a minimum price which raw sugar sold for refining for home consumption should receive. This combination is perhaps best described as what we know as a trust, and we are informed that it has among its members at least 95 per cent of all the raw-sugar producers of those two great countries. The basis of this combination is the prohibitive customs tariff which is laid upon sugars entering both Austria and Germany. For sugar imported from foreign countries to Germany this prohibitive tariff amounts, in round numbers, to almost \$100 per ton, which is almost 5 cents per pound; that is, it is 40 marks per 100 kilograms, and the ton is 1,000 kilograms. That makes 400 marks for 1,000 kilograms, which is 2,205 pounds, or almost \$100 a ton. For general purposes it may be stated that it is \$100 a ton, or 5 cents a pound. That is the duty, as I said a while ago, on imported sugars.

In addition to this an excise duty is collected on sugar for home consumption, amounting to about one-half this sum, or $2\frac{1}{2}$ cents per pound. It is this difference between the excise tariff and tariff on importation which makes it possible for the sugar refiners of these countries to artificially raise the prices of sugar to home consumers.

It is evident that this difference, amounting to $2\frac{1}{2}$ cents per pound, can be completely controlled by a combination which practically includes all the sugar producers and sugar refiners. Under the "cartel," the refiners guarantee to the makers of raw sugar a price of 12.75 marks per 50 kilograms for home consumption. Since a mark is almost exactly 24 cents, and 50 kilograms almost exactly 110 pounds, it is not difficult to produce this price in pounds, viz, 2.78 cents per pound. The difference between this price and that which is paid at Magdeburg, as the regular market price for export, is a most remarkable one.

From the *Centralblatt für die Zuckerindustrie*, published at Magdeburg, on the 11th day of January, 1902, I take the following quotation of the market price of sugars for export at that city on the 9th of January. The price, on the 9th of January, at Magdeburg, was 6.40 marks, while the price guaranteed to the home consumer was 12.75 for 50 kilograms. The difference between this price for export and the price guaranteed the seller of the same sugar for refining for home consumption would represent the sum of all the bounties paid on the sugar. This difference is 6.35 marks. The direct bounty on which we countervail is 1.25 marks.

MR. McCLELLAN. Doctor, let me ask you right here this question: Is Magdeburg the great sugar center of Germany?

DR. WILEY. It is the great sugar center for the making of sugar. Magdeburg is in the heart of the beet-sugar region of Germany. Hamburg is the market for export sugar; Magdeburg is the market for home sugar.

MR. RICHARDSON. Doctor, how do they settle the question as to who shall furnish the sugar for home consumption and get this high price of which you speak?

DR. WILEY. Each maker gets his percentage.

Mr. RICHARDSON. One-third of his crop?

Dr. WILEY. About one-third of the whole amount is apportioned; that is, the amount used in home consumption is apportioned to all the makers. They all have their share of it.

Mr. RICHARDSON. About one-third?

Dr. WILEY. It is about one-third of their product in round numbers.

Mr. RICHARDSON. Then what do the producers do who are not in this "trust," so to speak?

Dr. WILEY. Well, they have to hustle for themselves.

Mr. ROBERTSON. There are only 5 per cent of those, you say?

Dr. WILEY. Only about 5 per cent at the most. They may be all in this "trust;" but certainly 95 per cent of them are in it.

The CHAIRMAN. They probably skirmish around for a market.

Dr. WILEY. Well, they will have a little difficulty in getting at the home market. This is another feature of the cartel. Each one of these producers of raw sugar pledges himself not to make any sugar for direct sale. He makes nothing but raw sugar for refining. Our beet-sugar manufacturers sell 72 per cent of their product directly to the trade at their doors. The German beet-sugar manufacturer does not dare sell a pound for home consumption. He is under this contract, and if he sells a pound of refined sugar to the trade he loses his contract.

Mr. DALZELL. Has the Government any connection with these cartels?

Dr. WILEY. I am coming to that in a moment. That is a very important part of this question and one which the committee will have to seriously consider.

As I was saying, Mr. Chairman, when German raw sugar is imported into the United States it pays a countervailing duty of 1.25 marks per 50 kilograms, just half of the amount for 100 kilograms, which is 2.50. So that whatever of that sugar is brought into the United States pays the regular duty under the law, and pays in addition 1 mark and 25 pfennigs countervailing duty, due to the German direct bounty.

Mr. DALZELL. How much is that in United States currency?

Dr. WILEY. A mark is 24 cents, and 25 pfennigs is a quarter of a mark. That would be 30 cents for 110 pounds as countervailing duty in addition to the regular duty.

Now to get at the amount of indirect bounty. Of course you understand, gentlemen, and it is not necessary for me to say to you that the object of this cartel is to pay an indirect bounty. That is what it is formed for. They can not come into this country under the direct bounty, because we countervail it cent for cent, and they get no benefit from it. This cartel then was formed simply to draw the wool over our eyes and get their sugar in here under a great bounty which they claim we can not countervail.

The CHAIRMAN. When did they form this cartel?

Dr. WILEY. In June, 1900.

To get the amount of indirect bounty which comes from the operation of the "cartel" we simply subtract the direct bounty on which we countervail, viz, 1.25, from the total bounty, viz, 6.35, and we get as a result 5.10 marks as the indirect bounty received by 110 pounds of sugar for export to the United States. Multiplying this by 24 and dividing by 11 gives 1.11 cents per pound. This is the apparent bounty due to the "cartel" on the sugar exported; but the real amount of this bounty is only determined by considering the ratio between the total production in Germany and the home consumption. All the

estimates of German production agree in stating that it is almost three times the home consumption. Without going into further calculations, we may safely presume that the ratio of export to consumption is as 2 to 1. Therefore the apparent bounty of 1.11 cents per pound must be divided by 3 to allow for the whole crop produced in Germany, making a real bounty of 0.37 cent per pound.

The effect of the "cartel," therefore, is to pay an indirect bounty of nearly four-tenths of a cent per pound on every pound of raw sugar exported from Germany. Now, the direct bounty on this sugar which is countervailed by our present law is 0.275 cent per pound. In order to fully protect our markets, however, the indirect bounty should be added to this, making a total bounty which should be countervailed of 0.675 cent per pound. The Secretary of the Treasury to-day, gentlemen, ought to collect that countervailing duty against every pound of German sugar imported into the United States.

Mr. DALZELL. How much does he collect?

Dr. WILEY. Nearly 0.7 cent per pound.

Mr. NEWLANDS. That is what you say he ought to collect. How much does he now collect?

Dr. WILEY. I did not understand your first question. Twenty-seven one-hundredths of a cent. He should collect 0.67 in order to protect our markets.

Mr. ROBERTSON. Suppose we were to do that—would that help Cuba out?

Dr. WILEY. Yes, sir; it would help Cuba out, for the reason that it would raise the price of raw sugar all over the world by exactly that amount. Our refineries are not going to pay five-tenths of a cent a pound more for sugar unless they have to. They do just as we would do if we were in the business, and get it where they can get it cheapest.

Mr. RICHARDSON. Would not Germany make another cartel if this course were taken?

Dr. WILEY. Then we would countervail it. We can make just as many countervailing duties as she can make cartels. There is no difficulty at all about it.

Mr. ROBERTSON. The law would permit it, too, would it not?

Dr. WILEY. Well, I am not a lawyer.

Mr. ROBERTSON. I mean our tariff law would.

Dr. WILEY. That is a question which you gentlemen must decide. If it does not permit it, you can amend it.

This simple illustration will suffice to show, without going into further detail, the effect of the cartel upon the world price of sugar; it has apparently diminished it by four-tenths of a cent a pound the world over.

On the face of the cartel it would not seem probable that the magnitude of the bounty would be as great as represented above. On the 1st of June, 1900, when the cartel went into effect, it was not foreseen that the price of raw sugar would fall to the point it has now reached. For this reason the terms of the cartel as originally drawn did not guarantee a greater sum than 3.40 marks benefit to the maker of raw sugar. In other words, should the price of raw sugar go below 9.35 marks per 50 kilos, the loss would have to be borne by the producer and not by the cartel. If, for instance, raw sugar should sell for 8 marks per 50 kilos, only 3.40 marks would be absolutely guaranteed instead of 4.75.

Thus, from the terms of the cartel, as at first established, the bounty to the producer could not exceed 3.40 marks per 50 kilos in any case. It seems perfectly certain, however, that greater bounties have been granted corresponding to the unexpected decline in price produced chiefly by the operation of the cartel itself. For instance, on the 21st of last November the price of German refined loaf sugar in London was 20s. 6d. for 100 kilos. Converting, for convenience, into marks we have:

	Marks.
Price of refined sugar in London.....	20.62
Direct bounty on export.....	3.55
Excise duty.....	20.00
Total	44.17

The legitimate price of this sugar, therefore, to German consumers on that date was 44.17 marks. But in reality the German wholesale price fixed by the cartel on that date was 56.90 marks per 100 kilos. The total exaction of the cartel, therefore, was 56.90—44.17=12.73 marks per 100 kilos, or \$3.06 per 220 pounds, equivalent to 1.39 cents a pound.

The most striking effect of the operation of the cartel is found in the relative effect it has had on the price of refined sugars in the London and Magdeburg markets. For convenience the comparison is given in our currency for 110 pounds, from the time the cartel first began to make itself felt in the world's markets, viz, June, 1900, to December, 1901:

Price of granulated sugar per 110 pounds.

	June 1, 1900.	Dec. 1, 1901.
London	\$2.40	\$2.10
Magdeburg	6.07	6.82

No argument could be more convincing than the above comparison. The cartel has enormously raised the price of sugar to home consumers to the extent of 12.4 per cent, and thereby has secured a corresponding reduction in the price to the English consumer, viz, 12.5 per cent.

According to the *Journal des Fabricants de Sucre* for December 25, 1901, from June 1, 1900, to December 1, 1901, the total sum exacted from the German people by reason of the cartel is 150,000,000 francs, or nearly \$30,000,000. Of this sum about \$10,000,000 has been paid to the producers, and the rest has remained with the refiners. But this journal adds:

But since it (the cartel) has not yet paid over all the bounty due the makers of raw sugar, the benefits are superior to that figure. In fact, the German refiner, like his brother in Austria, is the principal beneficiary of the cartel.

Apparently the sugar refiner the world over (and what may be said of him in one country is applicable to *id omne genus*) looks out for "the main chance."

As a further proof that I have not placed the bounty due to the cartel too high, I will give the calculation of the *Journal des Fabricants de Sucre* for January 1, 1902:

If we consider the bounty *en bloc*, it can be said that since the beginning of the cartel, June 1, 1900, up to the end of November, 1901, the extraordinary levy on consump-

tion in Germany was 158,898,750 francs. If we compare this sum with the quantity of raw sugar exported during the same period, viz, 1,560,804 tons, it is seen that the cartel has taxed German industry 10 francs for every 100 kilograms of sugar exported. To this bounty must be added the direct premium on the quantity exported, viz, 46,824,120 francs, and the total bounty on the 1,560,804 tons amounts to 205,723,000 francs. It is objected to this statement that the books of the cartel show that during the period named only 19,782,167 marks were paid to the raw-sugar makers. Not having these books, it is difficult for us to know how this figure is established; but if it is exact, that does not discredit our own figures, viz, those resulting from the mode of calculation indicated by the promoters of the cartel themselves. It proves only that the refiners have kept the lion's share.

It is a proper supplement to this argument to say (and I think I am not betraying any confidence in saying this) that the public and private cables from Brussels indicate that the English representatives at the conference now sitting in Brussels to discuss bounties, both direct and indirect, on sugars have announced, by authority of their government, that if these bounties are not abolished England will follow the lead of the United States, and will place a countervailing duty on sugars imported into Great Britain equivalent to both the direct and indirect bounties which they have received.

I may say here that I think it is a great mistake, Mr. Chairman, that the United States has no representative in that conference.

It is evident that the magnitude of the bounty due to the cartel will always depend upon the ratio of production to consumption in the countries where the cartel exists. For instance, if Germany to-day consumed as much sugar as the United States the cartel would have absolutely no effect upon the price of export sugars, because then her production would just equal her consumption, and the price of sugar to the consumer would be the cost and profit of production and a part of the margin between this sum and the import duties on foreign sugars. But it is evident from the high bounty already existing in Germany, and the rapid progress which her beet-sugar industry is making, that the bounty arising from the cartel will continue to increase rather than diminish. It is possible that the cost of sugar to the consumer in Germany can be increased to the extreme limit of the difference between the excise and import tax, viz, $2\frac{1}{2}$ cents per pound; and if the cartel should push its power as far as this the consumption of sugar in Germany would doubtless be greatly diminished. At the same time the stimulus which this action would give to production by enabling German producers to undersell all their competitors in the world markets would increase the output of sugar. Thus the evil which the cartel bounty would produce tends to increase rather than diminish by its own operation, and this evil influence will continue to be felt more and more oppressively until the great sugar-consuming nations of the world, viz, England and the United States, take such concerted action as will at once and forever annihilate all forms of bounty, direct and indirect.

MR. RICHARDSON. If we were to meet that cartel by a countervailing duty, they might increase their cartel again, which would necessitate our meeting that increase, would it not?

DR. WILEY. They could only increase it up to the difference between the excise and the import tax. They could not go beyond that, unless they changed their own law. They could never increase it more than $2\frac{1}{2}$ cents a pound.

I will explain that. Even if they used their power to the fullest extent that they could under the German law, they could never

increase it to more than that amount to home consumption. Of course, if they raised the price of sugar for home consumption above the import tax, other countries would send sugar into Germany; and therefore they are limited by the amount of the import tax. But I am sure that Germany, as soon as she finds that we are "onto the game" (if I may use that expression before this dignified body), would give it up. It would be a useless contest on her part, of course.

Mr. RICHARDSON. In the meantime the price of raw sugar would be put up, would it?

Dr. WILEY. If the cartel is abolished the price of raw sugar will go right up, in the markets of the world, four-tenths of a cent a pound.

Mr. RICHARDSON. Then the consumer will have to pay more for his sugar?

Dr. WILEY. Well, we ought to pay the legitimate price of sugar. We do not want to buy our sugar below cost. Nobody wants to get alms in a matter like this. I am sure everybody is willing to pay the legitimate price of sugar.

Mr. RICHARDSON. I thought the contention was that sugar could be produced at a cheaper rate.

Dr. WILEY. That is not the question I am discussing here; that is another question altogether.

Mr. RICHARDSON. That question naturally presents itself.

Dr. WILEY. Yes, in another part of this paper; and I will probably take it up later on if you are not wearied with me already.

Mr. RICHARDSON. Not at all.

Dr. WILEY. From the foregoing résumé it is seen that the low price of sugar prevailing over the whole world is the result of two causes. The first is a perfectly legitimate cause, namely, the cheapening of the price of production by the application of a scientific process of agriculture in the production of the raw material and the application of a more perfect technique in the factory, coupled with a remunerative disposition of by-products. This kind of sugar cheapening is to be universally commended, since it results alike to the benefit of the sugar maker and the sugar consumer.

The second cause for the low price of sugar is overproduction resulting directly from the application of the direct and indirect bounty system, which has already been described. This is a form of cheapening sugar which is universally reprehensible, since in the end it will prove disastrous both to the maker and the consumer of this article.

The application of import duties on sugar by various countries never tends to reduce the price of sugar in those countries, but always to raise it. Hence the argument against a protective tariff as the cause of a low price of sugar is illogical and based upon an entire misapprehension of facts. It follows as a logical conclusion, therefore, that the people who come to this committee for relief from the low price of sugar should strike at the true cause, not the false one, of the evil of which they complain.

Mr. RICHARDSON. Would a protective tariff, absolutely prohibitory in its nature, cheapen sugar in the United States?

Dr. WILEY. No; I have just said that a protective tariff raises the price of sugar to the consumer, but I am speaking of the price of raw sugar—duty-free sugar. The price of duty-free sugar has never been depressed by a protective tariff; unless the higher prices incident thereto check consumption.

Mr. RICHARDSON. Yes.

Dr. WILEY. Therefore if you are complaining of a low raw-sugar price, it is not due to a protective tariff at all; so to argue that the tariff should be taken off to correct that price is what the logicians call a *non causa pro causa*.

Mr. RICHARDSON. The protective tariff increases the price?

Dr. WILEY. Certainly it does. Everybody knows that.

Mr. RICHARDSON. They ought to know it, but they do not.

Mr. ROBERTSON. It is cheaper now, though, than it has been for years.

Dr. WILEY. That is due to other causes; it is not by reason of the tariff.

Mr. ROBERTSON. No; I only wanted to state that that is the fact.

Dr. WILEY. In the case of Cuba, for instance, it is admitted that in former years the sugar industry was profitable in the island, yet import duties levied by the United States were in existence. The Cuban sugar planters were prosperous under the Spanish régime. Why do they not now lay their misfortunes to the breaking of the Spanish yoke? That seems to be the only political and fiscal condition which has changed in the island. If it be true that their disasters have been as great as has been portrayed, and if we are seeking to benefit Cuba, let us lead her back to Spain, and apologize to that country for having spent hundreds of millions of dollars and thousands of lives for the purpose of bringing the whole island to the verge of bankruptcy. [Laughter.]

When as a boy I studied logic, I was particularly cautioned by the professor to avoid the error of *non causa pro causa*. This is an admonition which the advocates of reduced duties on sugar should take to heart. The cause of the trouble they are fighting is not the tariff duties of the United States, but the overproduction of sugar due to bounties granted by European countries. Their cause should be pleaded in the parliaments of Europe, not in that of America; their complaints should go before the Reichstag, the Bundesrath, and the Corps Législatif, and not before the American Congress. The place to plead their cause is before the Congress of Brussels, not before the Ways and Means Committee of the Congress of the United States.

It is impossible to see where the granting of free sugar will help them in the least as long as the conditions which threaten the sugar industries of all countries continue to exist. Under legitimate trade conditions, demand and supply regulate this matter. Take the bounties from sugar, and one large crop overstocking the market will be neutralized by a short one, and the equilibrium will be restored; and thus an average, fair, remunerative price for raw sugar will be maintained throughout the world.

Continue the bounty system, and no reduction of duty, no reciprocal favor will ever be able to establish the legitimate price for raw sugar. Hence all the arguments for reduction of duties are based on false premises, and absolutely fall when the props which are holding them are removed.

Mr. NEWLANDS. Professor, do I understand you to contend that if the duty on Cuban sugar alone were absolutely removed, the Cuban would not get a higher price for his sugar?

Dr. WILEY. Yes, temporarily; but he would not permanently, as long as the bounty system continues.

Mr. NEWLANDS. He would not?

Dr. WILEY. No, sir.

Mr. NEWLANDS. If to-day that duty of 1.68 were removed?

Dr. WILEY. He would not permanently get a penny above the Magdeburg price for raw sugars so long as that immense surplus exists.

Mr. NEWLANDS. It would be the Magdeburg price with the duty added.

Dr. WILEY. Yes; I understand that. That is a question which I have not gone into at all. My argument is that as long as you continue this false overproduction, the overproduction due to these stimuli which ought not to exist and which are unjust to the whole world, you can not get any effective remedy for any sugar industry anywhere except by countervailing.

Here is what Sir Neville Lubbock, the highest expert of Great Britain, says:

The customs duty on sugar imported into Germany is £20 per ton, while the excise duty is £10 per ton. In the case where the production is in excess of the home consumption it is thus possible, by joint action on the part of all producers, to maintain a price of sugar £10 per ton above the export price plus the excise duty. Does this amount to an indirect export bounty such as can be taken in view by the Brussels conference?

Now, that is his question. Then he answers it:

Theoretically, where the customs duty exceeds the excise duty, there are three conditions possible:

First. The production may be below the internal consumption.

Second. The production may be just equal to the internal consumption.

That is why I took that question up a moment ago in regard to Germany. If she consumed as much sugar as she produces this system would not exist.

Third. The production may be in excess of the internal consumption:

1. In the first case no cartel would exist, since the price would of necessity be the external price plus the customs duty. This is now the case in the United States.

2. In the second case, if the production was in one hand, clearly no combination would be necessary, provided that the one producer had no competition to fear; but this is a state of conditions which nowhere exists. Obviously, if the profit was no more than that which is barely sufficient to keep the industry going, there would be no competition; but if the profit was in excess of this, competition would commence, and the production would at once become in excess of the consumption.

This excess would have to be exported, either with a diminished profit or with a loss. The excess would and must, economically, go on increasing until the amount of loss on the excess exported reduced the profit made by the portion of the production sold internally to such a sum as together with the profit or reduced by the loss on the export was merely sufficient to maintain the whole production.

The profit fund derived from the internal sales must be drawn upon to raise the profit, or to make good the loss, on the exported portion.

It must be admitted that a producer who exports sugar below his cost of production, plus the necessary profit, and who receives from any fund a payment which recoups to him the difference between the export price and such cost of production, receives a bounty.

3. The third case is that which has arisen. Germany produces 2,100,000 tons and consumes about 750,000 tons. Theoretically, all we need say is that she would not continue to produce this quantity, as a whole, unless the necessary profit, to which I have alluded, was received on the whole production. But practically it is a valuable object lesson. The present export price of German sugar is £7 5s. per ton. The price of the same sugar for home consumption is, exclusive of duty, £12 per ton. The cost of production, all round, may be taken at £9 per ton. The bounty on export sugar, irrespective of the cartel, may be taken at £1 5s. per ton. All these figures are approximations, but they are near enough for the present purpose.

It will at once be seen that the exporter is losing 10s. per ton on all the sugar he exports. Thus:

	£	s.
Price realized	7	5
Add bounty.....	1	5
		<hr/>
Together.....	8	10
Cost of production.....	9	0
		<hr/>
Loss		10

On the other hand, he makes a profit of £3 per ton on what he sells internally. Thus: Price, £12; cost of production, £9; profit, £3.

Now, what is the position of the industry as a whole?

We have 750,000 tons sold at a profit of £3, £2,250,000, and 1,350,000 tons sold at a loss of 10s., £675,000; net profit, £1,575,000, or about 15s. per ton on the whole production.

It is evident here that the loss on the export is paid for by the profit under the cartel.

It may be said that the cartel is, after all, a private arrangement with which the conference can not interfere. But this is not so. The cartel is only possible under conditions *which the Government only can create*, viz, an appreciable difference between the customs duty and the excise duty, or a high customs duty and no excise.

The remedy is that exporting countries shall undertake that their customs duty shall not exceed their excise duty. In the case of any country which produces more of a commodity than it can consume, and in consequence has an excess of production which must be exported, protective customs duties have no effect in raising the price to the consumer and thus operating as protection, except in the case of a combination such as the cartel. If, therefore, they have any *raison d'être* it can only be to make possible the formation of a cartel. Hence, in such a case, the Government is not only *particeps criminis*, but the *fons et origo mali*.

Mr. McCALL. Now, Professor, could not Germany claim, according to your reasoning, that we give an indirect bounty on the exportation of steel? For instance, suppose steel goods which are manufactured here under a protective tariff and no internal tax are exported at less than their cost, and the steel producers are enabled to do that by reason of the bounty that they get from a protective tariff. The difference between the internal-revenue tax, which in that case is nothing, and the duty on steel will measure this indirect bounty, will it not, in the case of the exportation of steel?

Dr. WILEY. Well, I could not go into that subject; but I——

Mr. McCALL. Is it not the same principle? Would not Germany, for instance, claim that we were giving an indirect bounty to the exportation of manufactured steel?

Dr. WILEY. Under our own practice, Germany would have a perfect right to put a countervailing duty on that steel, if it could be shown that that were the case; and she would be justified, in my opinion.

Mr. McCALL. I am not finding fault with your argument at all. I simply am trying to get the principle of it, and apply it.

Mr. STEELE. She could do that now if she wished.

Dr. WILEY. Now, here is the close of what Mr. Lubbock says:

“It is thus quite clear that unless some action is taken to put an end to the cartel system, the abolition of direct Government bounties might be quite nugatory.”

The Governments might abolish their direct bounties which we now countervail; that is, Germany might abolish the bounty of 2.50 marks against which we countervail and still send us sugar with a premium

of four-tenths of a cent a pound. That is Lubbock's principle, which he states here:

It is thus clear that unless some action is taken to put an end to the cartel system the abolition of direct Government bounties might be quite nugatory, since while abolishing the direct bounty with one hand it would be easy to give an equivalent bounty with the other by means of the cartel system.

Another point on which I was asked to speak before the committee was the possible production of sugar under free trade in Cuba and other tropical tributaries of the United States.

That the sugar industry of Cuba would be greatly stimulated at least temporarily by free trade with the United States is admitted by all witnesses who have given opinions on that point. We have an admirable illustration of this stimulus in the case of the Hawaiian Islands. At the time of the adoption of the reciprocity treaty with the Hawaiian Kingdom, September 9, 1876, the total production of the islands was but little over 10,000 tons, at which figure it had practically remained without material increase for many years. In less than three years the output had doubled, and the rate of increase continued to be rapid until the overthrow of the monarchy and the establishment of the protectorate of the United States. By the terms of the treaty, on April 30, 1900, the Hawaiian Islands became a Territory of the United States; and this political assimilation gave a renewed impetus to the industry.

In the following table are given the records of the production of sugar in the islands from 1875 until the present time:

Hawaiian sugar industry, 1875-1902.

[Tons of 2,240 pounds.]

Year.	Sugar ex- ported.	Year.	Sugar ex- ported.	Year.	Sugar ex- ported.	Year.	Sugar ex- ported.
	<i>Tons.</i>		<i>Tons.</i>		<i>Tons.</i>		<i>Tons.</i>
1875.....	11, 152	1882.....	50, 972	1889.....	108, 110	1896.....	198, 022
1876.....	11, 635	1883.....	50, 941	1890.....	115, 977	1897.....	232, 213
1877.....	11, 418	1884.....	63, 685	1891.....	122, 761	1898.....	198, 644
1878.....	17, 157	1885.....	76, 496	1892.....	117, 690	1899.....	243, 469
1879.....	21, 884	1886.....	96, 528	1893.....	147, 689	1900.....	258, 521
1880.....	28, 866	1887.....	94, 853	1894.....	136, 913	1901.....	321, 461
1881.....	41, 570	1888.....	106, 307	1895.....	181, 600	1902.....	* 516, 000

* Louisiana Sugar Planter, January 25, 1902. (Estimate.)

NOTE.—Data for 1875 to 1899 from reports of Hawaiian custom-house; for 1900 and 1901 the data are taken from the report of the Hawaiian sugar crops found in Willett & Gray's Journal for December 12, 1901.

The total increase in production of the islands for the twenty-six years of free trade is 2,782.5 per cent, and the mean annual increase 107 per cent. If the yield for 1891 is taken as the basis of comparison, we find an increase for the ten years from 1891 to 1901 of 161.9 per cent, or a mean annual increase on the yield of 1891 (122,761 tons) of 16.2 per cent.

The average tonnage per acre in the islands is 40, and the yield per ton 250 pounds, making the phenomenal yield of 5 tons of sugar per acre. Since, however, the crop is a biennial one, the annual yield is only 2½ tons per acre. In 1897 125,000 acres of land were devoted to cane growing.*

* Yearbook, Department of Agriculture, 1898, p. 567.

To allow the same rate of increase to Cuba would be a most conservative estimate of the growth of the industry there under conditions similar to those which have obtained in Hawaii. On a crop basis of 1,000,000 tons, it is certain that under free trade the Cuban crop will increase at least 162 per cent in ten years, and the yield in 1911 would not fall below 2,620,000 tons. In this estimate it is assumed that the Cuban industry would have to contend with the same or equal difficulties which have attended the development of the industry in Hawaii; but the natural conditions in Cuba are very much more favorable than in the Hawaiian Islands. The area suitable to cane culture is vastly larger in Cuba. No irrigation is practiced; no volcanic deposits are to be reduced or removed; up to the present time no fertilizer of any commercial importance has been required; frequent planting of the cane is unnecessary; cultivation of the fields is almost unknown; in fact, every advantage of nature and every bounty that she grants to agriculture exist in unequalled profusion in that favored clime. Were I indulging in reasonable prophecy therefore, instead of confining my propositions to hard statistical facts, I should not hesitate to predict that the growth of the sugar industry in Cuba in the ten years of free trade toward which we look would be almost double that given. What the total production would be were Cuba exploited with the same science and skill which are displayed in Hawaii, no man could predict, without being exposed to criticism as an extravagant optimist.

Cuba, exclusive of its adjacent islands, has an area of nearly 43,319 square miles, or 26,164,776 acres. In size it approximates the State of New York, and thus is an empire in itself. From Clark's Commercial Cuba, page 70, we find that "the major portion of Cuba's extent is neither mountain nor swamp, and with slight exaggeration the whole island may be said to rise in terraces which often have broad steps." From our best authorities on geography it is evident that the area of Cuba which is arable is a very large percentage of the whole extent.

Modern science is largely independent of soil; it asks only for climate. If the old Grecian philosopher could say, "Give me a *πov στῶ* and I will move the world," the modern scientific agriculturist can say, "Give me a climate and I will feed the world."

What has been done in Hawaii is an illustration of what may be done in Cuba. Acres which were deemed desolate have been recovered for agricultural purposes and brought to the highest state of fertility. Just what percentage of the 26,000,000 acres of Cuba can be placed in cultivation is not known with definiteness, but it is certainly a very large percentage. Swamps and forests no longer have any terrors for the agronomist, and those areas once regarded as impracticable for agricultural purposes have often been shown to be the most fertile and the most profitable.

It is hard to say just what acreage is now under cultivation for sugar cane. We are told by reliable authorities that 30 tons per acre is not above the average yield of cane, and 200 pounds of sugar per ton not an unusual quantity. It thus appears that an acre of sugar cane in Cuba will yield 6,000 pounds of sugar, or 3 tons. If this be the case, the acreage necessary to produce a million tons is not much above 300,000 acres. A million acres, one twenty-sixth of the area of Cuba, will produce 3,000,000 tons of sugar.

According to the Cuban census of 1899, there were approximately 8,800,000 acres of land in Cuba under cultivation, and the number of acres in sugar plantations is given as 400,000, approximately. The possibilities of sugar production in Cuba are therefore apparently unlimited, or limited only by the demands of the markets of the world.

But the temporary benefit to Cuban planters would undoubtedly diminish in proportion to the increase in their supply of our consumption, and when this point is reached, viz, when the Cuban output, joined with our own, supplies consumption, it would disappear altogether. By that time there would not be a vestige left of our present industry in the States, and the condition of unremunerative prices of raw sugar which now confronts us would again be established.

The question has been asked here before the committee, "What effect would the granting of free sugar to Cuban growers have on the sugar industry in the United States?" The true answer to this question would give the key to this problem which is now under discussion.

The consensus of opinion, both on the part of those who favor the removal or reduction of the duty and of those who oppose any change whatever, is that free Cuban sugar would end in the complete destruction of both the cane and beet industries in this country. The death of these industries, in the opinion of some of the witnesses, would be sudden, while others think the blow would not prove immediately fatal, but that the patient might live for a time in a semiconscious and partially paralyzed state, only to succumb at last. Free sugar would, in other words, be a true apoplexy to this now growing giant. It would not be what the doctors call idiopathic in its etiology, the result of age and decay in hardening and weakening the coats of the cerebral arteries, but it would be traumatic in its character—a blow beneath the ear or on the point of the jaw—rendering the patient unconscious, and probably producing immediate death, or at best leaving the patient with a clot on the brain, paralyzing at least half of his body, and making the sorry remainder of his life a burden to himself and his friends. [Laughter.]

In the fullness of years, after a busy life of effort and accomplishment, there is perhaps no end more fitting than the sudden summons that, by ruptured artery and forming clot, bids the worker who has finished his task lay down his burden ere yet his powers of body and mind have failed. But it is quite otherwise when the unexpected accident or the directed blow lays low the youth in the commencement of his work. It seems perfectly certain that if Cuban sugar be given free entry to our ports, not another dollar will go from the banks to sugar factories, not one to the farmer to enable him to plant and cultivate his crop, not a new boiler or a new mill will go into the sugar houses of Louisiana, not another factory will be built in the vast area shown by Exhibit B, on our northern border. Perhaps there will be some feeble efforts to save the remnant of the wreck by trying to do something with the investments already made and the contracts already signed. These efforts, however, will not be the telling work of the young giant, but the feeble and aimless endeavors of the paralytic. In the opinion of all the competent witnesses, there would be no possible chance for the existence, much less the continued development, of the industry.

The evidence in Exhibit K shows that the present cost of making refined beet sugar in the United States is not less than 4 cents a pound. The cost of producing fair refining centrifugal sugar of 96 polariza-

tion in Louisiana is not less than $3\frac{1}{2}$ cents a pound, and this probably is too low. The most reliable study of the conditions in Louisiana shows that it costs, on an average, \$42.50 to produce an acre of cane. This includes the rent of the land, the wear and tear of farm animals and machinery, the labor, cost of seed and fertilizers, and all other costs. The average yield of stubble and plant cane together may be taken at 17.5 tons, though this is probably a little in excess of what is actually obtained over the whole State. The cost of harvesting and marketing the cane—that is, delivering it to the factory—is at least 85 cents a ton. It is only fair to allow the grower of the cane 25 cents a ton profit. If he does not get at least this much he will have no encouragement to stay in the business and will leave it. Thus the total cost of a ton of cane laid down at the factory, in Louisiana, is at least \$3.53.

(At this point the committee took a recess until 2 o'clock p. m.)

AFTER RECESS.

At the expiration of the recess the committee resumed its session.

STATEMENT OF DR. HARVEY W. WILEY—Continued.

Dr. WILEY. At the time of adjournment I was speaking of the cost of producing cane in Louisiana and laying it down at the factory, which, according to the figures I have given, is at least \$3.53.

A very common method of paying for contract cane in Louisiana is a certain percentage of the price received per pound for yellow clarified sugar. This ranges from 80 to 95 cents per ton of cane for each cent that prime yellow clarified sugar brings in the New Orleans market. For instance, if this prime yellow clarified sugar brings 3 cents a pound, the planter would receive from \$2.45 to \$2.70 per ton for cane. Thus it is seen that the price of yellow clarified sugar must be above 3 cents or else there will be an actual loss to the cane grower in the making of his crop. In order to secure the \$3.53 necessary to cover the cost of production and a profit of 25 cents a ton, it is necessary that yellow clarified sugar sell on the New Orleans market for $4\frac{1}{2}$ cents a pound.

Hence it follows that a reduction in the price of sugar below these figures must result in the extinction of the industry, unless the cost of production be correspondingly diminished.

We have heard from the witnesses from Louisiana that the price of sugar in that State, within the memory of some of them, has been as high as 10 cents a pound. We need only go to the statistics of sugar prices to see the gradual reduction in the price of duty-free sugar which has been going on now for nearly six hundred years; in fact, since the date when quotations of this price were first made.

The important question now arises, "May not the price of production be diminished to meet the fall in prices which Cuban free sugar would produce?" I myself have long been a believer in lower and yet remunerative prices for sugar and have stated that the amount of sugar produced in Porto Rico, the Philippines, and Cuba in 1899-1900¹ could be introduced duty free without danger to our own industry. These prices would be the result of better agriculture, improvement in the sugar content of the raw materials, improved technique in the factories, resulting in economy of fuel, saving of labor, and more prof-

¹Report Industrial Commission, vol. 10, p. 654.

itable utilization of by-products. As a prophet, I have looked forward to the time when the cost of making refined sugar would not be quite 3 cents a pound in this country, and when, with fair profits to farmers, makers, and factories, it would go on the consumer's tabe at less than 4 cents a pound.

I do not now despair of seeing the fulfillment of this prophecy if our legislators are as wise (and I believe they are) as our farmers are industrious and our manufacturers skillful. But there is a natural limit to legitimate low prices which no skill can depress, no economy transgress. The young man who has a talent for the piano can at first make splendid progress in his art, but the time soon comes in his career when any additional refinement of touch and expression costs months of weary labor. Finally all his efforts enable him only to maintain the mastery he has acquired. So the efforts to secure remunerative yet low prices in sugar production were at first exceedingly fruitful, but now have reached a stage where any further achievement means the highest effort which the best business and scientific talent can put forth. The movement of legitimate prices downward will no longer be by leaps and bounds. More work will have to be done to take off a sixteenth of a cent now than was necessary to remove a cent sixteen years ago.

Another question which has been discussed before this committee is, How far can the reduction in the price of Cuban sugar go without injury to the American industry? There are two legitimate answers to this question; one is of a mathematical nature, and one is biological.

We assume, first, for the sake of the argument, that the sugar industry in this country is reasonably profitable. Otherwise there would be no reason for asking the question above, an assumption, I am sorry to say, which is not borne out by the evidence before the committee. The evidence of both sides shows that free Cuban sugar at its present and rapidly increasing amount would destroy our industry. The distance from a reasonably prosperous business to complete annihilation is a definite one; that is, the distance from profit to loss. We can also legitimately assume that the profit to the American industry now lies wholly in the duty imposed, whatever may be the percentage of that profit on the duty collected. Mathematically, then, it follows that the magnitude of the profit will be diminished proportionately to the reduction in the duty. If that be 20 per cent, the profits of Americans interested in the productive sugar industry would be diminished 20 per cent, and so on to the total extinction of the duty.

The biological side of the argument relates to the life of the industry. An industry, like an animal, may show active life even when moribund, and so the sugar industry might be continued for some time with a 20 per cent or even greater reduction in the rate of duty without apparent evidence of low vitality. A plucky business, like a plucky patient, will not show the white feather to approaching death.

It appears from some of the evidence that with free sugar or a large reduction in duty Cuba would send us a million tons of sugar next year. This, added to our own production of 800,000 tons, would still leave us 700,000 tons short of the consumption. This amount would have to be duty-paid sugar; and thus the prices would be kept up to the old standard, and no sugar producer in this country would suffer.

If this contention be true, then there is no reciprocity in the proposed arrangement.

Mr. HOPKINS. Doctor, are you willing to let me interrupt you right there? While it might not put it down to the lowest price would it not modify the price so that the consumers would get sugar cheaper than they would if the duty remained as it is now?

Dr. WILEY. I am discussing this supposed flaw in my argument. It has been asserted here that as long as there is a duty the price of sugar will not fall in this country. That is the point I am discussing—not in my evidence, but in what has been brought before us here.

Mr. McCALL. But, Doctor, would not the reciprocal feature come in in the admission to Cuba of American goods, as shown by the collector of the port of Habana the other day, to the extent of some thirty or forty million dollars more than we now sell?

Dr. WILEY. That will come in later; I have that down here, too. I want to discuss this point of the argument. One of the arguments made in the printed report of the hearings, which the committee sent me, was this: That as long as we paid duty on sugar the reduction of the rate on Cuban sugar would not diminish the price to home consumption.

Mr. HOPKINS. Is there anybody with any experience at all who regards that as a sound argument, Doctor?

Mr. ROBERTSON. Mr. Atkins did.

Dr. WILEY. I do not. I do not regard it as a sound argument. I am trying to show the fallacy of it. It is an argument which has been presented to this committee, however, and there is weight in it as long as the duty free sugar is only a small part of the whole. For instance on a consumption of 2,250,000 tons prices might keep up pretty well if no more than 500,000 were imported duty free.

If the people in the United States get no benefit from lowering the duty on sugar, who does? The Cubans? But it may be said the Cubans will let in our products at a reduced rate. We may ask, then, Will our manufacturers sell at an increased price to the Cubans? If not, where will our benefit come in? It can not be demonstrated in any convincing way that a reciprocity which does not lessen the price of a commodity or a series of commodities to the contracting parties is any advantage to either. If the contention be true that American sugar makers will not be injured by free Cuban sugar so long as the supply does not equal consumption, then it follows that if even one pound of sugar had to be imported duty paid, the duty price to the consumer would be maintained. The fallacy of such an argument needs no further illustration. In another place the possibilities of sugar production in Cuba under free trade have been shown. Once started in that direction, it is not hard to see where the road would end.

It is logically inevitable that any reduction in the duty on Cuban sugar would in the end, on account of its great and rapidly increasing quantity, depress, at least temporarily, the price of that commodity, and thus add to the difficulties which the industry in this country is now meeting.

In the development of a sugar industry some regard must be paid not only to the sugar itself, but to the effects of the industry upon other interests. It is well known that in the sugar industry we have typified the highest principles of agriculture, as well as of the technique in the factories. Hence, in the development of such an indus-

try in a country we have an object lesson of which every branch of agriculture and every technical industry may take advantage.

There is no possibility of the agricultural part of the sugar industry succeeding in this country with a slipshod method of agriculture. The most advanced principles of science must be applied and the highest style of agriculture practised. Thus, every sugar-beet field becomes a veritable agricultural experiment station, in which is typified all the latest advances which science has discovered. Universal experience has shown that a systematic sugar industry does not impoverish but increases the fertility of the soil, so that every crop grown in rotation with sugar beets is benefited to a greater or less extent.

In the north of France fifty years ago the yield of wheat per acre was only 17 bushels. To-day it is 27 bushels. This has been brought about solely by the effects of the beet-sugar industry upon general agriculture. The price of land rapidly advances in all regions contributory to a sugar factory. Thus, not only is fertility increased, but the farmer is also enriched by enhancement of land values.

In the beet-sugar industry, especially, the by-products are of the utmost importance. The pulp forms valuable food for cattle, and is much sought after in all the regions where the beet-sugar industry has been long established, especially for dairy cows, and for purposes of maintenance the pulps resulting from the manufacture of beet sugar are highly prized. The beet molasses forms a by-product of exceptional value. It is used either as a source of alcohol, or more especially as a cattle food. When mixed with some absorbing material it forms a cattle food of high nutritive value, tending to produce large quantities of fat and supplying immense quantities of animal energy.

In this country extensive experiments have been carried on by the Department of Agriculture, in the Bureau of Chemistry, in developing the best forms in which this food can be utilized. It has been found that the fine-ground stalks of Indian corn, after they have dried standing in the field, or after they have been cut for fodder, are the best possible absorbents for molasses. In this fine-ground state the cornstalks themselves become a nutrient almost as valuable as timothy hay. It has been shown by actual experiment that an amount of molasses from three to four times the weight of the cornstalks can be absorbed perfectly, forming an almost dry mass, which is of exceptional value for all forms of cattle feed, for fattening steers, for feeding sheep or pigs, and for horses.

Thus there are found clustering around a beet-sugar factory every form of the highest agricultural industry; and the paralysis or destruction of this industry would be a misfortune to the prosperity of our country which no words can properly express.

The molasses from sugar cane is of no less value, either for alcohol or for cattle food. In addition to this, the bagasse (that is, the residue from the mill or the diffusion batteries) is shown to be an excellent fuel, or a most promising material for the manufacture of paper. It is thus seen that many different agricultural industries and activities of all kinds cluster around the sugar factory.

The price which a consumer pays for a pound of sugar is not the only thing to be considered. It should be as low, of course, as is consistent with its relations to other industries and legitimate profits. It might be a great misfortune that he should be permitted to pay only

2 cents a pound, while it might be a great blessing if he should be compelled to pay 5 cents a pound for his sugar.

The industries which are allied to the sugar industry are almost numberless. It demands fuel; it demands machinery; it demands cooerage; it demands limestone. It touches almost every branch of manufacture. The 4 cents a pound which the manufacturer should receive, under present conditions, goes to all parts of our country. It has been shown by the testimony of the representatives from Louisiana that the interstate commerce due to the sugar industry in that State alone amounts to \$70,000,000 a year. Is it a wise policy to strike down this industry for the sake of a few million dollars which it is claimed will go into the pockets of the Cubans?

The ramifications of the beet-sugar industry are still more minute. It touches almost every branch of domestic prosperity. Cheapness is not the only thing to be looked after in political economy. We can have cheap labor if we want it. We can break down the barriers which keep out the Asiatic hordes, and we can supply labor at 30 cents a day; but are we in a position to ask that our laborers be brought into such a ruinous competition?

Finally, the great product of a sugar industry is found in the superior race of human beings which it engenders. It fosters every branch of science. It rewards every kind of labor. It sends its favors into every department of manufacture. It requires the highest scientific intelligence. It exacts the greatest skill in its manual labor. It demands the best which humanity can offer and offers to humanity the best which any industry can command. To make our own sugar means not only the supply of our home market but it means the development of citizens of superior qualities, of higher intelligence, of greater skill. No country can afford to throw away the chance to develop a citizenry of such qualifications.

Another fact must be taken into consideration, viz, the possibility of war with a foreign country. It is true that we have grown so formidable that both on land and sea we are not only respected but feared. We have a strength which guarantees future peace; but still complications may arise which will plunge us into war with a foreign nation with a powerful navy. What then would be our condition if we were dependent upon a foreign country for one of our most important supplies of food? The answer is not difficult to surmise. We would be threatened by the enemy; our foreign commerce would be interrupted; our merchant marine might be paralyzed; our supply of sugar would be shut off, and thus one of our most important articles of food be turned away from our shores. I do not hesitate to say that it is far more economical for us to pay double for sugar produced at home, rather than secure sugar produced in foreign countries at half the price. These are conditions which can not be lost to view when the policy of this Government is determined.

If, after all (and I do not deny this) it is found that we have still a certain duty to perform to Cuba, why not perform it as a nation? Why call upon one of our industries to do what our nation, if any obligation exists, is called upon to do? Does our sugar industry owe any more to Cuba than our steel industry? Does our tobacco rest under greater obligations than our manufacturers of textile fabrics, or does our vegetable and fruit industry owe more to Cuba than our millers in Minnesota who sell her breadstuffs? If we are to be taxed

for the benefit of Cuba, let us be taxed as a whole and not as a part, and if money must be paid into the coffers of the Cuban treasury, let it be given by us as a nation to Cuba as a nation.

It is not difficult to show that if our domestic industry be destroyed, the benefits which come from its destruction will not be to Americans as a whole, or to Cubans, but will go largely to the sugar refiners. A cartel such as has never been dreamed of in Germany will rise where smokeless chimneys and motionless mills once were active and productive. There is a real danger, and there is where the chief benefit from reduction of duty asked by the witnesses before this committee will go.

The statistical data shown in Exhibit K (p. 659) demonstrate that 72 per cent of the beet sugar which is made in the United States goes directly upon the market, and does not pass through the hands of the refiners. It requires no mathematician to demonstrate what will become of our great refining trusts when we make our own sugar and sell 72 per cent of it directly to the home market. Forty per cent of all the sugar made in Louisiana goes directly to the consumers, and thus we see that the refining interests are deprived of exactly that amount of profit. At the present time 72 per cent of our beet sugar is but little over 100,000 tons, and 40 per cent of our cane sugar is also but little over 100,000 tons; so that to-day but little more than 200,000 tons of sugar reach the consumers of the United States without paying a tribute to the refiners. If we succeed in disrupting our own sugar industry, the whole of the sugar we eat will pay duty to them.

The quotations already given of refined sugar of about 94 polarization and 88 per cent rendement at Magdeburg on the 9th of January show that 110 pounds of this sugar could be bought for 6.40 marks, which is almost exactly 1.4 cents a pound. Add to this the freights and duty, and the price of this sugar in New York is scarcely 3 cents a pound. This is the kind of sugar with which our own producers are to be brought into competition.

Willett & Gray state that the cost of refining is 0.625 cent a pound. This includes the expense of distribution. This term "expense of distribution" is a most elastic one. It includes all rebates and drawbacks to the trade. It includes all commissions to agents, all expenses of traveling salesmen, and, perhaps, all rebates made in freights. There is no means of telling what part of the 0.625 cent is the legitimate cost of refining. I doubt whether this cost is much over one-third of the whole.

It is stated by the same journal that the refiners' profit in 1901 was 0.378 cent a pound. Of the 2,250,000 tons of sugar consumed in the United States at the present time the refiners handle at least 2,000,000 tons; and this profit, as confessed by the statistical journal referred to above of Willett & Gray, can not be less than \$15,000,000.

If our refining interests, about which in their legitimate field I have nothing whatever to say except in praise, can absolutely control the consumption of sugar in this country, they will doubtless avail themselves, as other human beings would do, of the same privileges which have been used by the German cartel, and, as soon as our native industry had been destroyed, would raise the price of sugar to the maximum permitted by the protective tariff.

It is hard to see the force of an argument which would throw the burden of our concessions to Cuba upon the producers of sugar, while

at the same time it would increase without doubt the profits of the refiners. It seems, therefore, that if something must be done for Cuba, a more just way is to return to the Cuban treasury a certain percentage of the imports collected from Cuban products in our country. This would be a gift from the whole United States to the whole Cuban people; and whatever might be the objections to such a gift, it could not be claimed that it was sectional or imposed upon a single industry. Our people as a whole would be the givers and the Cuban people as a whole the beneficiaries. If aid must be given, let it be given openly as a nation and as a contribution from all our people; but do not let the gift be saddled upon a few already struggling under burdens which are difficult to bear.

In fact, if any industries are to be taxed for reciprocal purposes, it should be those which are supposed to be the beneficiaries of the reciprocity, viz, our food industries, our flours and breadstuffs, our cattle foods, our horse and mule industries, our manufacturing establishments which send machinery, our sugar refiners, and especially our capitalists, who invest their money in Cuba in the hope of receiving large returns. But why ask those of our citizens who are engaged in the promotion of a sugar industry which will benefit not only themselves but also the whole country to bear the burden, which, if it be borne at all, is a national one?

I have shown that if this country and England properly countervail the direct and indirect bounties, and thus place the production of raw sugar on a legitimate basis, the price of raw sugar will be raised at least half a cent a pound to all producers the world over. This would be equivalent to nearly 40 per cent of our import duty on raw sugar. If some arrangement could be made with England to secure this result, then Cuba, with all her natural advantages, need fear no competition from the beet fields of Europe, from those of California and Michigan, nor from the sugar plantations in the delta of the Mississippi.

Mr. NEWLANDS. Doctor, your suggestion is that England and America should unite in countervailing bounties paid by France and Germany; and you say the effect of that would be to raise the price of raw sugar five-eighths of a cent per pound?

Dr. WILEY. Five-tenths.

Mr. NEWLANDS. Would not the effect of that countervailing duty be to reduce the price of French and German beet sugar?

Dr. WILEY. Undoubtedly it would prevent the foreign exporters from underselling their competitors in London.

Mr. NEWLANDS. And it would have the effect of raising the price by limiting the production? Is that your contention?

Dr. WILEY. It would raise the price of raw sugars at once in other countries than those paying the bounty.

Mr. NEWLANDS. It would raise the price at once?

Dr. WILEY. At once.

Mr. NEWLANDS. How would that be? As I understand it, there is a large amount of beet sugar now on the market. If you increase the difficulty that sugar has in getting into England and America (which constitute about its only market), would not that sugar be a still further drug on the market, and would it not be likely to fall in price instead of increasing in price?

Dr. WILEY. Perhaps I had better explain what I meant by raising the price at once. It would take away from the German exporter

the possibility of underselling his competitor on the market, and would make the sugar he now has on hand a greater drug on the market there. The owners of this sugar might make a sacrifice of the stock on hand, temporarily depressing the market.

Mr. NEWLANDS. For the time being?

Dr. WILEY. For the time being; possibly.

Mr. NEWLANDS. Then the favorable effect on the price of sugar of which you speak would be only ultimately secured by compelling the German and French producers to limit their production, would it not?

Dr. WILEY. Yes; to a legitimate basis.

Mr. NEWLANDS. To a legitimate basis?

Dr. WILEY. Yes; that is what it would end in.

Mr. NEWLANDS. You believe that the beet-sugar industry of those two countries is abnormally developed by this system of bounties, do you not?

Dr. WILEY. I certainly do.

Mr. NEWLANDS. What would you regard as a normal development, simply the local consumption of each country?

Dr. WILEY. I think that would be entirely sufficient.

Mr. NEWLANDS. Entirely sufficient?

Dr. WILEY. Yes.

Mr. NEWLANDS. Suppose that were accomplished in both Germany and France, would not that produce a readjustment there that would result in great distress and misery and bankruptcy for quite a period of time?

Dr. WILEY. I think it would be rather hard on some of the people whose money is invested in the industry in those countries under the unnatural stimulus which has produced the present condition.

Mr. NEWLANDS. Have you any idea of the capital that is invested in the enterprise in those countries?

Dr. WILEY. I have statistics which cover that point. I have not them with me. I know almost exactly how much, however.

Mr. NEWLANDS. It would produce a still greater disaster than would the destruction of the beet-sugar industry in our country, because ours has not yet reached such proportions?

Dr. WILEY. Perhaps, measured by dollars and cents; yes.

Mr. NEWLANDS. So that a readjustment of this industry, with the resulting pecuniary distress, is bound to come somewhere if this overproduction is to be cured?

Dr. WILEY. The overproduction must be restricted in some way.

Mr. NEWLANDS. Now, I imagine that the cause of this so-called overproduction is the fact that for a long time, owing to the civil war, Cuba was out of the market, and that the other nations of the world commenced to produce the sugar with which Cuba had formerly supplied the world. Is not that so?

Dr. WILEY. The system of bounties in Europe long antedated the Cuban war.

Mr. NEWLANDS. Would there have been the same field for their enterprise if the Cuban product had kept up to 1,000,000 tons annually?

Dr. WILEY. The Cuban war opened a temporary market for about 800,000 tons more of their sugar.

Mr. NEWLANDS. And now Cuba is producing about 800,000 tons; so that it is the restoration of Cuba that creates the overproduction?

Dr. WILEY. There has been an overproduction for many years, due to the bounty principle. This only accentuated it.

Mr. NEWLANDS. Was there an overproduction in the world prior to the civil war, when Cuba's production was at its maximum?

Dr. WILEY. Do you refer to the civil war between the States?

Mr. NEWLANDS. No; the civil war in Cuba.

Dr. WILEY. Yes; there was an overproduction even then.

Mr. NEWLANDS. Even then?

Dr. WILEY. Even then; yes, sir.

Mr. NEWLANDS. But it was not so marked as now?

Dr. WILEY. Not so marked as now; no, sir.

Mr. NEWLANDS. And it is accentuated now, since the production of Cuba has been restored?

Dr. WILEY. Very much.

Mr. NEWLANDS. It is a question, then, in this readjustment, as to which country shall suffer, is it not?

Dr. WILEY. Yes.

Mr. NEWLANDS. As to whether it shall be Germany and France on the one hand, or Cuba on the other, or, if Cuba is relieved, the United States?

Dr. WILEY. It will come on one of those three countries.

Mr. NEWLANDS. There must be a readjustment of the sugar-producing industry which will result in loss to some one, in some place?

Dr. WILEY. In temporary loss; undoubtedly.

Mr. NEWLANDS. You have spoken of the condition of apoplexy or paralysis that will come to this country if the development of the beet-sugar industry is checked at this time by the introduction of cheap Cuban sugar. That apoplexy or paralysis will exist somewhere else, will it not, if it does not exist here?

Dr. WILEY. Yes, sir; but we always like to have it on the other fellow. [Laughter.]

Mr. NEWLANDS. Now, let me ask you as to the possibilities of the development of Cuba. You say that agriculture now does not depend so much upon soil as upon climate. Do you regard Cuba as exceptionally favored in this particular?

Dr. WILEY. Yes, sir; I do.

Mr. NEWLANDS. Cuba has both soil and climate, has it not?

Dr. WILEY. Yes; it has both.

Mr. NEWLANDS. And you think 450,000 acres are now employed in sugar production?

Dr. WILEY. According to the Cuban census there are 400,000 acres and according to my computation of yield about 300,000 acres.

Mr. NEWLANDS. You understand that that production absorbs the energies of the present population there, do you not?

Dr. WILEY. I have never investigated that subject at all.

Mr. NEWLANDS. Do you know whether or not wages there have advanced during the past year?

Dr. WILEY. I know nothing except what I have heard here in this committee room. I know nothing as a result of personal investigation.

Mr. NEWLANDS. Do you know whether or not, with their present population and with their other industries, including tobacco, they can increase their production of sugar?

Dr. WILEY. I do not know to my personal knowledge whether they have the money and the labor to do it or not. I know they have the

climate and the soil to do it. That is all I went into. I did not go into anything else.

Mr. NEWLANDS. But, as I understand, it is contended that they have not the population; that the population now is only equal to the requirements of the present crops.

Dr. WILEY. I know nothing at all on that point from my own investigation.

Mr. NEWLANDS. If, then, 1,500,000 of population in that island means the production of about 850,000 tons of sugar, and is only equal to that, it would mean that if the production were to be increased to twice that amount—say, 1,700,000 tons—the population of Cuba would have to be doubled, would it not?

Dr. WILEY. Not necessarily.

Mr. NEWLANDS. Assuming that the correlated industries kept pace with it?

Dr. WILEY. I showed in my paper that the sugar industry in Hawaii had increased nearly 3,000 per cent since 1876, while the population has increased very little in that time.

Mr. NEWLANDS. Yes. That would seem to indicate that Hawaii had not originally reached the limit of her capacity to produce sugar with her then population. But assuming that with her present population Cuba is only able to produce 850,000 tons, would it not require a very large increase in population to double the production?

Dr. WILEY. I think it could be easily doubled without increasing the population at all, by introducing the principles of scientific agriculture and technique which now prevail in Hawaii.

Mr. NEWLANDS. I see. That would mean the introduction of labor-saving machinery?

Dr. WILEY. Labor-saving machinery, better agriculture, and better manufacturing methods.

Mr. NEWLANDS. Another question, Doctor: Which would you prefer with reference to the general interests of America—a reduction of 50 per cent in this duty on Cuban sugar or the annexation of the island as a part of the United States? Which, in your judgment, would be the most injurious?

Dr. WILEY. You know I am an expansionist. Personally, I believe in getting everything we can get hold of.

Mr. NEWLANDS. And if you are an expansionist, you believe in getting a good and a rich country, do you not?

Dr. WILEY. I certainly do.

Mr. NEWLANDS. And you regard Cuba as one of the best and richest countries in the world, do you not?

Dr. WILEY. Yes; and I am against the views of my sugar friends, in that I am in favor of annexing Cuba for the good of all concerned.

Mr. NEWLANDS. Well, that is my view.

Dr. WILEY. I am glad to agree with you. That is a problem, however, which I did not take up at all. That is a different aspect of the question.

Mr. NEWLANDS. Have you considered the economic aspect of the annexation of Cuba?

Dr. WILEY. No, sir; I have not.

Mr. NEWLANDS. The contention now is that if a reciprocal arrangement is made, Cuba will have the advantage; that while she will have the advantage of our market, she will not have the restrictions upon

labor that we have. Do you suppose that if Cuba came into political as well as commercial union with us, by annexation, the cost of the production of sugar there would increase?

Dr. WILEY. I should think, then, we would have there the same economic conditions that we have here, including the same restrictions on imported and contract labor. We would introduce the same methods of agriculture and manufacture, and we would have taking place in Cuba essentially what is taking place in the Hawaiian Islands. They would become Americanized. That is my opinion; I have not investigated the subject at all.

Mr. NEWLANDS. And the conditions for production would be more nearly equalized than if we simply entered into a reciprocal arrangement?

Dr. WILEY. I think they would be far better.

Mr. NEWLANDS. That is all.

Mr. RICHARDSON. Professor Wiley, what is your present connection with the Agricultural Department?

Dr. WILEY. I am the Chief of the Bureau of Chemistry.

Mr. NEWLANDS. How long have you held that position?

Dr. WILEY. About seven or eight months; since the 1st of July.

Mr. RICHARDSON. You were also chief of that division, were you not, in 1897?

Dr. WILEY. It was the Division of Chemistry then; yes, sir.

Mr. RICHARDSON. It is now a bureau?

Dr. WILEY. It is now a bureau; it became a bureau on the 1st of July.

Mr. RICHARDSON. It is the same place, called by a different name?

Dr. WILEY. The same organization expanded; yes, sir.

Mr. RICHARDSON. You are the author of this Farmers' Bulletin No. 52, are you not?

Dr. WILEY. Yes, sir; I am.

Mr. RICHARDSON. You state there that you were formerly director of the Department beet-sugar experiment Station in Nebraska—

Dr. WILEY. Yes, sir.

Mr. RICHARDSON. How long were you in charge of that station?

Dr. WILEY. From the time of its organization until it was abolished by Secretary Morton, in 1893—about four years.

Mr. RICHARDSON. Have you now any connection with the sugar-beet industry?

Dr. WILEY. None whatever, except my investigations in the Bureau of Chemistry, which touch the sugar industry in many points.

Mr. RICHARDSON. You have no sort of business connection with it?

Dr. WILEY. None whatever; I never had.

Mr. RICHARDSON. You voice the sentiments of the Secretary of Agriculture, then?

Dr. WILEY. I do not know whether I do or not.

Mr. RICHARDSON. He indorsed those bulletins which you sent out, did he not?

Dr. WILEY. I know he is very much interested in the sugar industry of this country; but whether or not he would indorse the sentiments I have uttered here to-day I can not say. These are my own sentiments.

Mr. RICHARDSON. He has given out no statement?

Dr. WILEY. He authorized me to come here on the invitation of the

committee, but he has given out no statement of his own so far as I know.

Mr. RICHARDSON. You have read the report of the Secretary of War?

Dr. WILEY. Yes, sir.

Mr. RICHARDSON. And the recommendation of the President?

Dr. WILEY. Yes, sir.

Mr. RICHARDSON. And General Wood?

Dr. WILEY. I have not read that, but I have heard of it. I have read the other two, however.

Mr. RICHARDSON. You do not agree with them in their recommendations in respect to the treatment of Cuba on this question?

Dr. WILEY. I do not.

Mr. RICHARDSON. I ask you this, Doctor, for this reason: Do you contemplate remaining in the Agricultural Department? Is that your idea? [Laughter.]

Mr. RICHARDSON. You need not answer if you do not wish. I ask simply because I have heard that you did not.

The CHAIRMAN. You need not answer that question, Doctor.

Mr. RICHARDSON. Not unless he wishes to.

Mr. HOPKINS. I do not think that is proper.

Mr. RICHARDSON. I do not want him to answer it unless he is willing to do so.

Mr. ROBERTSON. That has not anything to do with the case.

Mr. RICHARDSON. The object of my question is just this, Mr. Chairman, as I am frank to state, and he need not answer it if he does not wish to do so: I have understood that the Doctor contemplated leaving the Agricultural Department and going into the sugar-beet industry. Whether that is true or not I do not know.

Dr. WILEY. It is the very first I have heard of it. [Laughter.] Mr. Chairman, it is the first intimation of the kind I have ever had. I thought the gentleman implied that I would be removed because I did not agree with the Secretary or the President. [Laughter.]

Mr. RICHARDSON. Oh, not at all. I did not mean that. I understood, Doctor, that you contemplated voluntarily retiring—some one had said so to me.

Dr. WILEY. This is absolutely the first I ever heard of it, sir.

Mr. METCALF. Doctor, I understood you to say that about 72 per cent of the beet sugar produced in the United States is refined directly at the factories?

Dr. WILEY. Yes, sir.

Mr. METCALF. That would leave about 28 per cent of raw sugar which must be refined by other factories?

Dr. WILEY. Yes, sir.

Mr. METCALF. Can you give me the names of the other factories that refine raw sugar?

Dr. WILEY. I do not know that any of them refine any except their own product. I took this data from the census report. I do not know where that 28 per cent goes—whether it goes to another factory or to the refineries.

Mr. METCALF. In answer to a question put to you by Mr. Newlands, you said that under improved conditions, with improved machinery, and so on, double the crop of sugar could be produced in Cuba that is

produced there to-day, without an increase in population. Is that correct?

Dr. WILEY. I believe it could be done; yes, sir.

Mr. METCALF. From the same acreage?

Dr. WILEY. From the same acreage.

Mr. NEWLANDS. From the same acreage, you say?

Dr. WILEY. Yes, sir; I believe the production of sugar there could be doubled. It has been more than doubled in Hawaii. Hawaii produces very much more sugar per acre than she did in 1876.

Mr. GROSVENOR. I understood you to say that it could be largely increased without an increase in population.

Dr. WILEY. Yes, sir; I illustrated that by Hawaii, whose increase in sugar production has been nearly 3,000 per cent, while the population has not increased at anything like that rate. There has been a very slight increase in population.

Mr. TAWNEY. Doctor, in your judgment would a tariff concession to Cuba result in giving the sugar to the consumer at a lower price, if the duty on refined sugar were not reduced?

Dr. WILEY. My impression is that it finally would; that the consumer would get sugar at a lower price.

Mr. TAWNEY. Temporarily?

Dr. WILEY. Because I do not believe the refineries would pay a high price if they could help it. They would not have to under that arrangement, but they would not sell at a reduced price unless it was to their interest.

Mr. TAWNEY. You think the refineries would not pay the world price unless they had to?

Dr. WILEY. The refineries will buy their sugar where they can buy it the cheapest, without any reference to the world price or anything else. They buy, as anybody else would, where they can get the cheapest sugar.

Mr. ROBERTSON. Would they sell cheaper for that reason?

Dr. WILEY. They will buy as cheaply as they can, and they will sell just as high as they can; just as the rest of us would do.

Mr. ROBERTSON. Suppose the price of sugar was high at Hamburg and they controlled the market over here..

Dr. WILEY. They would sell it at the very highest notch that they could sell it.

Mr. METCALF. Doctor, this has been the only market for Cuban sugar, I understand.

Dr. WILEY. Practically speaking, bounty-fed sugar has cut all tropical sugar out of England and the Continent of Europe. Very little of it goes there.

Mr. METCALF. Then, this being the only market for Cuban sugar, could not the refineries place their own price on the raw product?

Dr. WILEY. The Cubans have to sell to the refiners for whatever the refiners will give them. They have no other place in the world where they can sell.

Mr. METCALF. Then the refiners—

Dr. WILEY. The refiners will absolutely fix the price.

Mr. METCALF. They will practically control the situation as to price?

Dr. WILEY. It will be absolutely controlled by the refiners.

Mr. TAWNEY. You do not agree, then, Doctor, with many sugar

importers who appeared before this committee and testified that the free importation of sugar from Cuba would not affect in the least the place at which the world's price of sugar is fixed?

Dr. WILEY. No; I do not agree with them in that respect, but I do agree with them in believing that something should be done for the sugar makers in Cuba and in the United States in order to secure a legitimate and profitable market.

Mr. TAWNEY. That is, they testified that the world's price of sugar is to-day fixed at London, f. o. b. Hamburg.

Dr. WILEY. Yes.

Mr. TAWNEY. They also claimed that that would be the case if sugar was imported into the United States free of duty, and that therefore the benefit of whatever reduction or removal of the duty we may decide to make would go entirely to the planter in Cuba.

Dr. WILEY. I think very little of it would ever get there.

Mr. TAWNEY. Very little of it would ever get there?

Dr. WILEY. Very little of it. The planter in Cuba would be just where he is now. He would practically have to compete with the world's price of sugar. He might get some benefit at first, until his production practically satisfied our consumption; and then he would be in exactly the same position as any other producer of raw sugar.

Mr. McCALL. Until that time, would he get a benefit?

Dr. WILEY. Until that time; I think he would get a slight benefit to begin with; that is my opinion.

Mr. RICHARDSON. Doctor, I want to ask you this question: If there is any concession at all made to Cuba—that is, if any reciprocal arrangement is entered into by which the duty on Cuban sugar is reduced—will it affect at once the manufacture of beet sugar in this country, in your opinion?

Dr. WILEY. Will you please repeat that question?

Mr. RICHARDSON. I mean to say, if a concession should be made in favor of Cuban sugar by a reduction of the tariff, would it at once operate adversely to the interests of the beet-sugar people in this country?

Dr. WILEY. It would operate with greater hardship than a small reduction really ought to, because it would destroy confidence.

Mr. RICHARDSON. Could it stand any reduction at all, in your opinion, without injury to the beet industry.

Dr. WILEY. I have studied the statistics very carefully, and, taking it as a whole, I fail to see where there is at the present time any profit in the sugar industry. I do not believe, taking the whole sugar industry of the United States, beet and cane, that the persons engaged in it made 1 per cent profit last year. I doubt if they came out even, dollar for dollar. So I can not see how you can speak of reducing a profit which does not exist.

Mr. RICHARDSON. Suppose there was a reduction of 50 per cent, what effect would it have on the beet industry?

Dr. WILEY. I think it would tend to paralyze the industry by direct injury, but chiefly by impairing confidence in the future.

Mr. HOPKINS. You have grouped the cane and beet sugar interests together, Doctor. What effect would it have on beet sugar alone? Suppose there was a 50 per cent reduction, or, say, a reduction of 25 or 30 per cent.

Dr. WILEY. I have discussed that pretty fully. I said that, assuming that there is now a fair profit on the making of sugar in this country, it is demonstrated that that profit lies wholly in the duty. In other words, it is not as great as the duty; it is not 1.68 cents a pound.

Mr. HOPKINS. You assume that. Have you figures to prove it?

Dr. WILEY. No; but it is absolutely certain; I think that the profit is all in the duty. No one has claimed that the average profit on sugar production in this country is more than 1.68 cents a pound.

Mr. HOPKINS. Are not many of these beet sugar factories making a much larger profit than the duty?

Dr. WILEY. I do not think, taking them as whole, that they have made any profit at all.

Mr. HOPKINS. As a whole, yes; but you know every new industry that starts is supposed not to make profits until it gets established. In making your estimates you have taken the new factories with those already established, have you not?

Dr. WILEY. While I do not know, I think it is possible that there may be some beet-sugar factories in this country that have made a fair profit.

Mr. HOPKINS. Is it not a fact that the beet-sugar industries in this country that are established are making a profit much beyond the duty that is imposed on sugar?

Dr. WILEY. If that is a fact it does not occur in any of the statistics that I have been able to find.

Mr. HOPKINS. Are you prepared to say that it is not a fact?

Dr. WILEY. No, sir; I am not, because there may be statistics concealed; but I can rely pretty well upon the census data, I think.

Mr. NEWLANDS. Doctor, do you think Germany and France have pursued a wise policy, from the selfish standpoint, in stimulating the production of beet sugar as they have?

Dr. WILEY. I think the policy was wise to the extent of establishing an industry equal to their home consumption. I think that was wisdom; but the moment they began to supply foreign countries with sugar at less than the cost of production, and tax their own consumers to enable them to do it, I do not think it was wise.

Mr. NEWLANDS. You would regard it, then, as a wise policy for this country to stimulate the beet-sugar production to a point where it can equal the consumption of this country, but not to go beyond it, would you?

Dr. WILEY. I would not ever advise a stimulation of any kind which would go beyond the point of home consumption.

Mr. NEWLANDS. Now, assuming that there were no protective tariffs anywhere on sugar and no bounties paid upon the production of sugar, which sugar would supply the world—the beet sugar or the cane sugar?

Dr. WILEY. If there had never been any protection at all for beet sugar it would not exist to-day anywhere in the world. It would be absolutely unknown.

Mr. NEWLANDS. Very well. Now, taking the two industries in their present condition, the beet-sugar industry fully developed and the cane-sugar industry with its history of past development and its present development, suppose bounties and tariff protection were withdrawn, which sugar would control the markets of the world?

Dr. WILEY. I do not hesitate at all to say that cane sugar in favored localities like Cuba can be made cheaper than beet sugar. But what I do say, and what I have brought out in the paper, is that the allied industries which cluster around beet sugar and around cane sugar in the subtropical regions of this country more than compensate for the difference in price.

Mr. NEWLANDS. I understand your reasoning in that regard; but sugar is the main product of these tropical and semitropical countries, is it not?

Dr. WILEY. Well, sugar, coffee, and fruits; yes.

Mr. NEWLANDS. It is about all they are able to produce that pays, is it not?

Dr. WILEY. Yes; together with cassava and starch of all kinds.

Mr. NEWLANDS. I mean in any considerable quantities.

Dr. WILEY. Sugar is one of the principal crops of tropical countries; yes.

Mr. NEWLANDS. Then the policy that you suggest of stimulating the production of sugar in countries that are not adapted to it, either by protection or bounties, means that the semitropical countries are deprived of the means of securing their fair share of the prosperity of the world, does it not?

Dr. WILEY. I would not advise stimulating an industry which was not adapted to a country. Certainly if any industry is adapted to a country, the beet-sugar industry is adapted to northern climates.

Mr. NEWLANDS. That is true; but I understand you to say that cane sugar has the advantage in cheapness of production.

Dr. WILEY. I think it has. It is a plant that grows more easily. It is manufactured more easily.

Mr. RICHARDSON. Doctor, may I ask you where you resided when you were director of the sugar-beet experiment station in Nebraska?

Dr. WILEY. I resided in Washington.

Mr. RICHARDSON. Where is your home, Doctor?

Dr. WILEY. In Washington. I did not reside in Nebraska; I only had charge of that station. Dr. Maxwell was my assistant in charge. He is now the sugar expert for the Australian Federation.

Mr. RICHARDSON. How long have you lived in Washington?

Dr. WILEY. I have lived in Washington nearly nineteen years.

Mr. RICHARDSON. Where did you live before you came here?

Dr. WILEY. I lived in the State of Indiana; I was born in that State.

Mr. RICHARDSON. I would like to ask you what the prospects are for producing sugar from the sorghum plant?

Dr. WILEY. I do not think any at all. I have been through that subject thoroughly.

Mr. RICHARDSON. You have given it up, have you?

Dr. WILEY. Entirely.

Mr. RICHARDSON. I heard you were still experimenting on it?

Dr. WILEY. Only as a source of table sirup and as a cattle food. It is very fine for those purposes.

STATEMENT OF MR. C. F. SAYLOR,

Special agent of the Department of Agriculture, in charge of the beet-sugar investigations of the United States.

[Tables submitted, see pp. 571-580.]

Mr. SAYLOR. Mr. Chairman, what I have to say to this committee is a little indefinite. I came here because the Secretary of Agriculture notified me that the chairman of the committee wanted me to come over. Now, I have no set speech to make before the committee; I have not arranged any, but I have been watching through the press the developments before this committee on the subject of sugar, and presuming that that was what you wanted to ask me about, I have simply prepared some data that might reinforce my memory.

I am really here at the pleasure of the committee to consider what they wish me to take up. Do you wish me to take up the subject as it has been discussed this morning, or wish me to answer questions?

The CHAIRMAN. It was represented to me, Mr. Saylor, that you had some special knowledge on the subject; that you had visited the sugar plantations of different countries, as well as our own; and what we would like to hear would be the result of your investigations.

Mr. RICHARDSON. Please state, for the benefit of the committee, what office you hold.

Mr. SAYLOR. I am special agent of the Department of Agriculture, having in charge the investigation of beet-sugar production; but I have visited all the islands except the Philippines, making an investigation along these lines as far as it bears upon our production in this country. My work has been largely throughout all the States in the North where they are growing beets and producing sugar, and making a study in Porto Rico and the Hawaiian Islands of the conditions of the production of sugar there, the cost of production, and questions of that kind. I have also visited Cuba, but Cuba not being a possession of ours I have not gone into details as to her production. I published a report in 1898 in which I gave every item of cost that enters into the cost of production of sugar in Porto Rico, from information furnished by the factories themselves.

I have also gone into the details of the cost of production in the Hawaiian Islands; that is in my report of 1899. My work in Cuba was simply to take the information I got in Porto Rico as to the conditions which apply also to Cuba, and to devote about two weeks to Cuba, and I was not there long enough to bring out the details—that is, to furnish you a detailed statement, but simply to form some general conclusions of my own.

Mr. ROBERTSON. Did you make any investigation of the cost of the production of sugar in Cuba?

Mr. SAYLOR. Simply by general inquiry, as I say, as much as I could do in two weeks. I made a definite, detailed statement for Porto Rico, and went from Porto Rico to Cuba.

Mr. ROBERTSON. From your investigations, what can they produce sugar for in Cuba?

Mr. SAYLOR. My notion was, as a result of the inquiries I made of sugar producers and from comparing the conditions in Cuba and Porto Rico, that Cuba at that time, right after the Spanish war, was making sugar and laying it down at her ports for from \$1.50 to \$1.75 per hundred pounds.

Mr. ROBERTSON. That means transportation paid, does it?

Mr. SAYLOR. Down to her own ports; I mean ready for shipment.

Mr. ROBERTSON. What year was that, Mr. Saylor?

Mr. SAYLOR. That was right after the Spanish war.

Mr. NEWLANDS. Was labor cheaper then than now?

Mr. SAYLOR. I do not know, sir.

Mr. ROBERTSON. You mean a cent and three-quarters a pound?

Mr. SAYLOR. Yes, sir.

Mr. ROBERTSON. At the port?

Mr. SAYLOR. Yes, sir.

Mr. ROBERTSON. Ready for shipment, in bags?

Mr. SAYLOR. Yes, sir; I counted that a very conservative statement. I felt that there were factories there that were producing sugar for \$1.25, and factories that were producing it at \$1.75. The difference would grow out of the fact that some factories were back in the island, and the cost of getting the sugar to their own ports was considerably more than with others, you know. Sometimes they would have to haul the sugar with ox teams or convey it over railroads. Other factories would be near the ports. Taking into consideration the conditions applying to the different factories, the condition of lands, and so forth, I put at that time the average cost of producing sugar in Cuba at \$1.50 per hundred pounds.

The CHAIRMAN. When was that, Mr. Saylor?

Mr. SAYLOR. It was right after the close of the Spanish war.

Mr. ROBERTSON. What year?

Mr. SAYLOR. The war closed in 1898, and I was there in the winter of 1898-99. My report was made in 1899 for 1898.

Mr. NEWLANDS. Do you remember what the production of sugar was that year?

The CHAIRMAN. Did you make a report of your investigations at that time, in 1899?

Mr. SAYLOR. Yes, sir.

The CHAIRMAN. Have you that report here?

Mr. SAYLOR. Yes, sir.

The CHAIRMAN. How many pages are there of it?

Mr. SAYLOR. As I said, you know, I made no published report on Cuba, but on Porto Rico. I was simply carrying my deductions down from Porto Rico. I have, however, an itemized statement of the cost of production in Porto Rico.

Mr. ROBERTSON. Is there anything in that report bearing upon your statement here as regards the cost in Cuba?

Mr. SAYLOR. No, sir; there is nothing bearing on that except that, as I said, I was only there for two weeks, and my conclusions were reached from carrying down from Porto Rico the conditions there, comparing them with the Cuban conditions, and talking with sugar producers. They were simply my own conclusions, but I have not published them, and I have not any detailed account of them.

The CHAIRMAN. When did you last examine the beet-sugar industry in the United States?

Mr. SAYLOR. Oh, I have done so every year; I have just come into Washington.

The CHAIRMAN. Have you done so during the past year?

Mr. SAYLOR. I got into Washington about two weeks ago; and I have been out all the year.

The CHAIRMAN. You have been around to all the beet-sugar factories in the United States?

Mr. SAYLOR. Yes, sir; all over the country.

The CHAIRMAN. Have you made a report of this last examination?

Mr. SAYLOR. I am making my report now.

The CHAIRMAN. Have you arrived at the cost of sugar yet?

Mr. SAYLOR. No, sir. It is an indefinite thing, Mr. Chairman. It is a hard thing to get at the cost of producing sugar in this country, it is so unstable. In Germany, through the publicity that has to be given to business there, you can get very definite statements.

In this country, of course, we can not get at the cost. That is a matter that is with the factories. We can get at a great many facts that bear on the subject; and of course I inquire into the cost of production as closely as I can, and come to as accurate conclusions as I can; but as far as concerns being able to state a definite amount, a definite item of cost, it can not be done. I think the census report comes near it, because they went to the factories and got sworn statistics from them, which were produced here before the committee.

The CHAIRMAN. Was that census report made from your investigation?

Mr. SAYLOR. No, sir; that was made by Dr. Spencer, who was sent out by the Census Bureau.

The CHAIRMAN. But it corresponds with the facts which you have ascertained?

Mr. SAYLOR. Yes, sir.

The CHAIRMAN. And does it correspond with the cost price which you reported at that time, in 1900?

Mr. SAYLOR. I do not give any cost price; I only give definite facts that I have data to support.

The CHAIRMAN. But the data which you obtained corroborates the census report, does it not?

Mr. SAYLOR. Yes, sir.

The CHAIRMAN. Is it not the fact that at that time a number of these factories were in their first campaign, their first year?

Mr. SAYLOR. Yes, sir.

The CHAIRMAN. How many of them?

Mr. SAYLOR. In the census year? I do not recall exactly the number, but the census report gives it.

The CHAIRMAN. The census report gives the number, does it?

Mr. SAYLOR. Yes.

Mr. TAWNEY. You refer to the last census report, do you not?

Mr. SAYLOR. The last census report—the bulletin on that subject.

Mr. METCALF. You mean Census Bulletin 59? That is what you refer to, is it not?

Mr. SAYLOR. Yes, sir.

Mr. HOPKINS. Did you say that some of these factories declined to give you the elements that go to make up the total cost of production?

Mr. SAYLOR. No; I know the elements, but to give all the items of cost—

Mr. HOPKINS. They declined to do it, did they?

Mr. SAYLOR. Well, I have not asked that question directly. That is a private matter, you know, that they are not required to disclose to a Government official.

Mr. HOPKINS. But they knew you were a Government official?

Mr. SAYLOR. Yes, sir.

Mr. HOPKINS. And that you were seeking to obtain data that would be beneficial to the public interests?

Mr. SAYLOR. Yes, sir.

Mr. HOPKINS. And they did not give you the elements that would enable you now to state what the cost of a pound of sugar is at the various beet factories?

Mr. SAYLOR. Yes, sir; I can say that they did, in a general way. That is to say, I have definite conclusions of my own, but I have not the data to publish, gotten from those institutions, that establishes the fact, although I have spent all my time in this work among the factories.

Mr. HOPKINS. Do you mean that from your experience you have been enabled to reach the conclusions you now have?

Mr. SAYLOR. Yes, sir.

Mr. HOPKINS. Rather from your own investigation than from what they told you?

Mr. SAYLOR. Yes, sir; that is about it.

Mr. TAWNEY. How recently have you been in Cuba?

Mr. SAYLOR. The time I named.

Mr. TAWNEY. In 1898?

Mr. SAYLOR. In the winter of 1898-99.

Mr. TAWNEY. You do not know anything about the conditions in regard to the employment of labor there at this time, then?

Mr. SAYLOR. Not at this time; no, sir.

Mr. NEWLANDS. Do you know what the average cost of labor was at that time on the Cuban plantations?

Mr. SAYLOR. The cost of labor at that time ran from about 40 to 60 cents.

Mr. NEWLANDS. A day?

Mr. SAYLOR. A day.

Mr. NEWLANDS. And it was upon that cost of labor that you based your estimate that sugar could be delivered to the home ports there at \$1.75 per 100 pounds?

Mr. SAYLOR. Yes, sir; so far as the labor part of it is concerned. That was on the basis of that cost of labor.

Mr. NEWLANDS. Of that cost of labor?

Mr. SAYLOR. Yes.

Mr. NEWLANDS. Now, suppose the price of labor to-day were about 80 cents a day?

Mr. SAYLOR. That would increase the cost of production, so far as labor is concerned, to the extent of the difference between 40 or 60 cents and 80 cents.

Mr. NEWLANDS. That would be about one-third, would it not?

Mr. SAYLOR. But mind you, labor is not the main item.

Mr. NEWLANDS. I thought almost the entire cost of sugar was labor.

Mr. SAYLOR. That was right after the Spanish war, you understand, when their facilities were depleted, and all that sort of thing. I understand, however, that since that time they have had the benefits that would arise from perfecting these factories by more capital and more energy, so that the increase in the cost of labor has tended to bring up the cost of sugar; the better facilities and the better work and the better capitalization have tended to decrease it.

Mr. ROBERTSON. It would average about the same, then, in the general make-up?

Mr. SAYLOR. I should imagine so, as nearly as I could determine.

Mr. METCALF. How long have you been engaged in an investigation of the beet-sugar industry of the United States?

Mr. SAYLOR. Five years.

Mr. METCALF. From your investigations, have you come to any conclusions as to the possibilities of the beet-sugar industry of the United States?

Mr. SAYLOR. Yes, sir.

Mr. METCALF. What are they, if you have no objection to stating them?

Mr. SAYLOR. My conclusions are that under the present conditions of trade relations, with the interest aroused and with the prospects for entering into the industry at the present time, the United States in the next ten or fifteen years would be producing the entire amount of sugar for which we are now sending abroad.

Mr. METCALF. Do you know how many beet-sugar factories there are in the United States at the present time?

Mr. SAYLOR. There are about—

Mr. ROBERTSON. This bulletin states there are 31.

Mr. METCALF. That was in 1899.

Mr. SAYLOR. Yes, sir. I have here a detailed statement so far as that is concerned. I supposed you would ask me that question. We have, at the present time, about 41.

Mr. METCALF. Do you know how many are under process of construction?

Mr. SAYLOR. We have 9 that are getting ready for the next year's crop, which, added to the 41, would make about 50.

Mr. METCALF. Do you know how many are in contemplation?

Mr. SAYLOR. I have here a list of about 100 concerns.

Mr. HOPKINS. A hundred beet factories?

Mr. SAYLOR. A hundred different concerns in the beet-sugar business. I have not the cane-sugar data. I have here a list of the concerns that have gone so far as to capitalize and organize and subscribe their capital.

Mr. HOPKINS. Is that all there is to it—that they are on paper? I want to know how many factories there are in this country actually producing sugar.

Mr. SAYLOR. I have just given you that. I was answering this gentleman's question.

Mr. ROBERTSON. He has stated that.

Mr. HOPKINS. Now answer mine.

Mr. SAYLOR. I answered that there are 41 that are producing sugar this year. There are 9 more that are now constructing their factories to enter the field for next year. Then I was asked how many different concerns there were that I knew of that were preparing to go into the business, which were tangible—strong probabilities, as I understood—and I was proceeding to answer that question.

Mr. NEWLANDS. How many of them did you say?

Mr. SAYLOR. There are at least 100 of those.

Mr. NEWLANDS. A hundred additional?

Mr. SAYLOR. A hundred additional.

Mr. METCALF. Have you a list of those companies?

Mr. SAYLOR. I have.

The Chairman. I wish you would hand it to the stenographer.

Mr. METCALF. Does this list also show the locations?

Mr. SAYLOR. It does. (See p. 571.)

Mr. HOPKINS. And the capitalization? I would like to have that stated, also.

Mr. NEWLANDS. Does your statement give the capital subscribed, or merely the nominal capital?

Mr. SAYLOR. This is what I have here preceding the list; and probably it contains the facts in about as brief a form as I could state them. I say:

We have referred to the last census report as showing the rapid growth of this industry in this country, it having 31 factories. Since that time 11 other factories have been put in operation, located at the following places, with the daily capacity designated: Lyons, N. Y., 600 tons; Rocky Ford, Colo., 1,000 tons; Sugar City, Colo., 500 tons; Bingham Junction, Utah, 350 tons; Provo, Utah, 350 tons; Lansing, Mich., 600 tons; Saginaw, Mich., 600 tons; Loveland, Colo., 1,000 tons; Menominee Falls, Wis., 500 tons; Salzbury, Mich., 400 tons; Logan, Utah, 400 tons.

I may say here that, speaking in round numbers and for general purposes, when you refer to a 600-ton factory (which, of course, means a factory having a capacity of 600 tons of beets daily), you may assume that it will cost at least \$600,000 to build and install and equip it. In other words, it is safe to assume a cost of about \$1,000 per ton of capacity. That is what is taken this country over for general purposes.

The following places are building factories, or have all the details settled for building factories, for the crop of 1902.

That is, they have made the contracts for the buildings, and are buying their materials and have them on the ground, and are in the different stages of construction:

Sebewaing, Mich., 600 tons; Carrollton, Mich., 600 tons; Shelby, Ind., 500 tons; Mount Clements, Mich., 600 tons; Greeley, Colo., 800 tons; Eaton, Colo., 500 tons.

I understand that in the last year or so Eaton, Colo., has been trying to subside.

Mr. GROSVENOR. Trying to do what?

Mr. SAYLOR. Well, you understand these are definite concerns that have made all their arrangements; but they are like other concerns that are studying this situation and the agitation of this question. All of these 100 concerns would have been more definite, except that they are waiting for the settlement of these questions which are pending. (Reading:)

Fort Collins, Colo., 500 tons; Croswell, Mich., 600 tons.

Below we give a list of beet-sugar projects that are contemplated for the places named, having a daily capacity named. We also set opposite the amount of capital that would be required to equip and construct such factories.

Mr. HOPKINS. Before you go on further, what do you mean by "contemplated?"

Mr. SAYLOR. This next paragraph covers that point:

This list of projects are in different stages of organization and capitalization, consisting of concerns fully organized and capitalized, down to concerns where conditions have been thoroughly canvassed, understood, and appreciated, and where organization and capitalization seem imminent.

All of these projects we consider strong possibilities in the near future, provided questions affecting the beet-sugar enterprise are settled. There are many others for which we have not the data.

Now, I give the list of concerns.

Mr. GROSVENOR. How many of them are there?

Mr. SAYLOR. One hundred.

Mr. GROSVENOR. Where are they; in what States?

Mr. SAYLOR. Shall I read them?

The CHAIRMAN. Just give the States.

Mr. SAYLOR. I will state the number in the different States. Here is Arizona with 3; California with 5; Colorado has 7; Indiana, 1; Iowa, 4; Idaho, 1; Michigan, about 30; Montana, 1; New-York, 2; New Jersey, 1; North Dakota, 2; Ohio, 3; Oregon, 1; Pennsylvania, 1; South Dakota, 3; Utah, 3; Wisconsin, about 12; Wyoming, 2.

Mr. NEWLANDS. What portion of the country, as to climate and soil, do you consider best adapted to the sugar beet?

Mr. SAYLOR. That is one of the problems that the industry is working out.

Mr. NEWLANDS. You have come to no conclusion as yet?

Mr. SAYLOR. I have, sir; but we come to different conclusions as different conditions arise. For instance, all of the factories have problems to meet. We start with the factory that is doing the best work to-day, and producing sugar the cheapest; when it started in it made the worst record. It produced a low grade of beets; it produced a low tonnage to the acre.

There is no royal road to success in the beet-sugar industry. It is only when a factory has gotten down to a knowledge of the facts in its own locality, studied its own conditions, and so on, that it can make a success of the enterprise. The men in charge of it can not take the conditions or the rules laid down for producing sugar in any other country or in any other State. They must study their own conditions, and until they know them, until the farmers know just what they must do in order to get the best results, until the factory people know how to adapt themselves to the condition of the farmers to bring out the best results, they will not get the best results.

They have to train every man in the factory. There are only a few experts who go into a factory at first. I may illustrate the conditions to be encountered in putting up a factory in such a country as Michigan, by telling you that when I went there three years ago and spoke in schoolhouses to the farmers and business men of the country, they would ask me what color sugar beets were, and such questions as that. That was the general state of things that existed in the State of Michigan, which has put up in three years 15 factories.

They had to start from that state of absolute ignorance of an industry which requires the greatest intelligence in order to produce successful results and work up.

Mr. NEWLANDS. What is the duration of the formative process in a beet-sugar factory in a district of that kind?

Mr. SAYLOR. Well, shall I go back to the factory that I told you is now getting the best results?

Mr. NEWLANDS. Yes. How long does it take?

Mr. SAYLOR. That factory began its operations in 1891.

Mr. NEWLANDS. When did it reach its maximum of efficiency?

Mr. SAYLOR. It has not reached its maximum of efficiency; it is just beginning to reach results which are probably better than those of any factory in this country. The conditions that would do for that one factory would probably do fairly well for your purposes here; but I doubt whether there is another factory that could attain the same results on the same methods.

Mr. NEWLANDS. You doubt whether there is any other that would do as well?

Mr. SAYLOR. Or that could meet any cut that you may make.

Mr. NEWLANDS. For what price can that factory produce sugar?

Mr. SAYLOR. That factory, I should say, could produce sugar for 4 to 4½ cents; this is my guess, now, you understand.

Mr. NEWLANDS. Yes.

Mr. SAYLOR. This is not accurate data; it is from studying the question from all sides.

Mr. NEWLANDS. Yes.

Mr. SAYLOR. I should say that factory could produce sugar down close to 3 cents; from 3 cents to 3½, anyhow. But the other factories in this country are producing sugar all the way from the cost of that one to 10 cents a pound.

Mr. HOPKINS. That depends, as I understand you, upon the degree of skill of the farmer in producing his beets, and the soil and climate?

Mr. SAYLOR. Yes; and in that particular instance; also in the result of thirteen years' knowledge of the business.

Mr. STEELE. In what State is that factory located?

Mr. SAYLOR. That is in Utah. Take that factory, since we are on the subject. It started out and made an unsatisfactory record. The raising of beets at that time paid none of the farmers. They were absolutely discouraged. They had their money in the business. The next year they kept doing the same things, you know, until they got through that stage of discouragement; and they now produce a beet that has an average of over 14 per cent, whereas it was as low as 9 in the early days.

They took up the principle of irrigation. It was the first place in the world where sugar beets had ever been grown by irrigation; and they had to take that principle and apply it to the sugar beet, and had to study out definitely how to apply it. After they studied it out and taught the people of the country that irrigation could be applied to the sugar beet, the fact came home to them that the sugar beet was the savior of the arid country. Since that time there have been built in Colorado alone, on that principle, enough factories to supply the entire State of Colorado with sugar.

Mr. HOPKINS. As I understand you, the more expert they become in the production of the beets the cheaper the sugar can be produced. That is correct, is it not?

Mr. SAYLOR. Yes, sir.

Mr. HOPKINS. These older factories, where they have more skilled help, can produce sugar much cheaper than they could when this duty was placed upon foreign sugars?

Mr. SAYLOR. Yes.

Mr. HOPKINS. That is a fact, is it not?

Mr. SAYLOR. Yes, sir.

Mr. HOPKINS. And a corresponding reduction now would leave them in as good condition as they were when they invested their capital and started successfully on the production of beet sugar?

Mr. SAYLOR. You are saying "them," and I am talking about a particular one.

Mr. HOPKINS. Take that one, then.

Mr. SAYLOR. Yes, sir.

Mr. HOPKINS. That would be true of that factory, would it not?

Mr. SAYLOR. It would be true of that factory.

Mr. HOPKINS. And it would be true of every other factory that worked on a scientific basis?

Mr. SAYLOR. I did not quite catch that question.

(The question was read by the stenographer.)

Mr. SAYLOR. Do you mean that they can all work down on the scale of production and cheapen the cost? Is that what you are getting at?

(The question was again read by the stenographer.)

Mr. ROBERTSON. Or did you start under a bounty?

Mr. SAYLOR. Of course the majority of them began under the Dingley bill, you know.

Mr. HOPKINS. But is it not a fact that these older factories——

Mr. SAYLOR. If you please, I would like to get at what you mean by "it is true." You say "it would be true of every other factory that worked on a scientific basis." I misunderstood your question when you said "is it not true." I was thinking of something else, and I want to know what you mean by that?

Mr. HOPKINS. Take this factory in Utah that you speak of, and is it not true that that factory could suffer a reduction in the rate of duty without any material injury to it?

Mr. SAYLOR. I think that factory would get along. I do not think it would make any money, however.

Mr. HOPKINS. And is not that statement equally applicable to every other factory that is as scientifically managed as that?

Mr. SAYLOR. But there is not any other.

Mr. HOPKINS. There is no other as scientifically managed?

Mr. SAYLOR. Yes; there are others as scientifically managed, but that is exactly what I wanted to demonstrate to you. A great many of the other old factories, you understand, started out in California, trying to produce beets with rainfall. The rainfall has not come; and those factories have not been, throughout their history, profitable producers. So they have had to go back and apply the system of irrigation; and they really have had to begin over again.

Mr. HOPKINS. Then, no duty which could be imposed would be of any permanent benefit to all the old factories of which you speak, running on the old basis?

Mr. SAYLOR. I am not referring to the duty that is imposed. I understand they are not asking for any further duty. They are asking to have it let alone.

Mr. HOPKINS. The Cubans are asking for a reduction; and what we are trying to get at is whether a reasonable reduction could be made without any material detriment to the factories that are properly located and properly managed.

Mr. SAYLOR. Now, do you want me to answer that question?

Mr. HOPKINS. I ask it for that purpose, sir.

Mr. SAYLOR. Well, sir, I say no.

Mr. HOPKINS. Why not?

Mr. SAYLOR. Simply because they have not reached such a point in producing sugar that they could meet that sort of reduction.

Mr. HOPKINS. Is it because of climatic conditions, or because of poor methods?

Mr. SAYLOR. Because they are beginning in the business. If you wish me to do so, I will give you an illustration that will explain that statement.

Mr. NEWLANDS. Let me ask you just one question before you do that.

The CHAIRMAN. I think he had better answer this question first, if you will allow him.

Mr. NEWLANDS. I thought he had finished answering that question.

Mr. SAYLOR. No; I was going to give him the best answer there is.

Mr. NEWLANDS. All right.

Mr. SAYLOR. As I was about to say, take the history of Germany; it is all here. Germany has very accurate statistics as to all its industries, and Germany in 1878 had been producing sugar for a number of years, and was quite familiar with the subject. These statistics begin with 1878, and continue for twenty years. They are the statistics published by the Germans themselves with reference to their own work.

You may gather what I am driving at when I tell you that in 1878 the beets they worked contained 9.24 per cent of sugar. The percentage kept growing, year by year, mind you, as you will see if you look at this table, during the entire twenty years, up until the last one. The increase in sugar in the beets was gradual until 1899, when, as a result of a gradual growth, it was 13.34 per cent. That makes a difference of nearly 45 per cent. That is to say, when the people in Germany bought a ton of beets in 1899, they bought 45 per cent more sugar in them than they did in 1878.

That is the farmer's side of the matter. That shows you in a nut shell what the farmer has learned to do on his side in sugar production.

If you will refer to that table further it shows that at that time it took 10.82 tons of beets to make a ton of sugar. If you reverse the pyramid you find that you are going down the scale gradually, and in 1899 it took 7.1 tons. That shows that the farmer learned to put the sugar in the beet. That is the agricultural side of the proposition, gentlemen.

If you take these same tables and look at the price in 1878, when there was 9.24 per cent of sugar in the beets, you will find that sugar was worth \$6.26. That price gradually went down until in 1899 the price of their sugar was \$2.25, showing that the cost of production had gone down a great deal over 100 per cent. And what I am leading you up to is the fact that until the beet-sugar industry, with all other industries, has had a chance to have the benefit of knowing what conditions mean, and how to apply the conditions, until it has had this series of years of experience, it is absolutely impossible for it to reach the maximum of efficiency.

That is the reason I am willing to stand before you and say, from my knowledge of the case, that there is a future development possible in this country that means a reduction of more than half in the cost of production. That is the reason the beet-sugar people and cane-sugar people have standing before the people of this country, and are entitled to ask some sort of recognition. It is because it has been the history of sugar production from sugar beets everywhere the industry has been introduced that the cost does go down in that way; and it can only come through experience and definite knowledge of all factories in operation.

Mr. HOPKINS. Now, Mr. Saylor—

Mr. SAYLOR. Will you allow me to make just another statement? Then I will be through.

Mr. HOPKINS. Very well.

Mr. SAYLOR. I call your attention now to the fact that when the Germans bought their beets, after the farmers had had twenty years of experience in growing them, they got between 45 and 50 per cent more sugar than they did before. Moreover, it costs a great deal less money to work a ton of beets containing 13.4 per cent of sugar than a ton of beets containing 9.4 per cent. The cost to the factory of handling the lower grade of beets is enormous. One of the things that interferes with the factory, and one of the conditions they have to meet, is an impure beet. They have to eliminate the impurities of those beets. They have to do so in order to get out their sugar, and the cost of production decreases in a considerable ratio as the beet contains a greater percentage of saccharine matter and is of greater purity.

Mr. HOPKINS. Now, conceding that the beet-sugar industry needs protection, has not the matter been sufficiently experimented upon in this country so that now people who locate their factories and their beet-sugar plantations (if you can apply that term to them) know what localities are best suited to them, and are able to produce sugar very much cheaper than they could when this duty was put upon foreign sugar?

Mr. SAYLOR. They have now a pretty good knowledge of the localities; yes, sir.

Mr. HOPKINS. And the capital that is invested?

Mr. SAYLOR. But I am not answering all that question at once. I say they have a good knowledge of the localities where they should put the factories.

Mr. HOPKINS. Is it not a fact that they can invest capital and produce beet sugar much cheaper than they could five years ago?

Mr. SAYLOR. I think they can produce sugar cheaper than they could five years ago; that is, if they have had five years' experience.

Mr. HOPKINS. Yes, sir; and they can therefore suffer a corresponding reduction in the rate of duty, can they not, and still be on as good a basis as they were five years ago?

Mr. SAYLOR. But, you understand—

Mr. HOPKINS. No, no; answer my question.

Mr. SAYLOR. But I can not answer it in that way.

Mr. HOPKINS. Is not that correct?

Mr. SAYLOR. No, sir; it is not correct.

Mr. HOPKINS. Why not?

Mr. SAYLOR. That is what I was going to say. If a concern is not making money to begin with, how can you say that it can stand a reduction?

Mr. HOPKINS. I do not admit your argument.

Mr. SAYLOR. But that is the argument I am making.

Mr. HOPKINS. But I do not admit it.

Mr. SAYLOR. Well, that is all right.

Mr. HOPKINS. Now, take this proposition. If it has been possible for these beet-sugar industries to be started and developed under existing rates, according to your statement, they can produce sugar cheaper than they could five years ago?

Mr. SAYLOR. Surely.

Mr. HOPKINS. Yes. Now, if they could be established five years ago, can they not still be established under a lower rate than we have at the present time?

Mr. SAYLOR. That is, those ones—those particular ones.

Mr. HOPKINS. I mean others, under similar conditions?

Mr. SAYLOR. But you can not take a new man in the business and give him the information possessed by the one who has been working five years at it.

Mr. HOPKINS. Why, my dear sir, is not the information which you have acquired out there in Utah open to the general public?

Mr. SAYLOR. No, sir.

Mr. HOPKINS. It is not?

Mr. SAYLOR. No sir.

Mr. HOPKINS. Are you not making it open to-day?

Mr. SAYLOR. Just as much as anybody can get it.

Mr. HOPKINS. Are you not telling the American farmers that in order to produce sugar beets successfully they want the climate and other conditions which you have described there in Utah?

Mr. SAYLOR. Yes, sir; but it takes actual experience in the work in order to enable them to do it.

Mr. HOPKINS. Then if anybody wants to invest in this industry, if your information is worth anything at all, they would be liable to follow it, would they not?

Mr. GROSVENOR. But they can not go and get the climate of Utah and take it wherever they want it.

Mr. HOPKINS. Well, they can go into Utah and get it. You are not seeking, are you, to have a duty here that will enable them to establish these beet-sugar factories in countries not adapted to them by nature?

Mr. SAYLOR. No, sir; I am not seeking anything.

Mr. HOPKINS. That will answer General Grosvenor on that point.

Mr. METCALF. Let me ask you this question: In arriving at the cost of the sugar beets at the present time, do you not figure in the amount you have to pay for them?

Mr. SAYLOR. Yes, sir.

Mr. METCALF. What is the price of sugar beets to-day?

Mr. SAYLOR. I am gathering that data for this year. I haven't it yet. I notice that in the census year it was \$4.34. Now—

Mr. METCALF. What was it three or four years ago—do you know?

Mr. SAYLOR. I think it averaged somewhere between 4 and 4½; somewhere along there. I can not give you the figures exactly. They are in my reports, but I have not the reports here.

Mr. METCALF. I would like to ask you this question: Is the soil of Nevada fit for the raising of the sugar beet?

Mr. SAYLOR. Yes, sir; Nevada has shown the best results, I think, of any place in the United States. [Laughter.]

Mr. GROSVENOR. There it is again. Start them in Nevada.

Mr. SAYLOR. But I want to make that clear, if you please. Since you have asked me that question I do not want to obscure you any more than you are already. [Laughter.]

Mr. NEWLANDS. You were speaking of the successful production of beet sugar in Utah?

Mr. SAYLOR. Yes.

Mr. NEWLANDS. Has not that region an advantage over the State of Michigan in the freight rate from the coast to Utah, and does not that operate as a protection?

Mr. SAYLOR. From the coast?

Mr. NEWLANDS. Yes.

Mr. SAYLOR. It may be that the rate is lower; but what advantage would it be?

Mr. NEWLANDS. Could not sugar produced in Utah stand a reduction in the tariff better than sugar produced in Michigan, because the higher freight rate from the Atlantic coast to Michigan would operate as somewhat of a protection to the Utah sugar?

Mr. SAYLOR. I am not familiar with the freight rates.

Mr. NEWLANDS. You are not?

Mr. SAYLOR. No, sir. Mr. Chairman, I was going to say this, and I want to make this point clear, because it is the basic part of this whole thing. The beet-sugar industry can only be successfully introduced in this country, and factories will only go in and make the attempt when the opportunity is offered them to work out and solve the problems they have to encounter. To-day they are producing sugar at something like 4 cents and over per pound.

I offer it to you as my best knowledge and belief that the time is coming when they can cut down that cost of production one-half, as Germany cut down her cost of production one-half; and when you say to me, "Why do you not take what the factory in Utah has learned and apply it to another factory?" I answer you back, "Why did I not take what the professor knew when I entered college and go on about my business?" Why, I had to dig it out for myself.

Mr. HOPKINS. You may not have had the capacity at that time; but that is a very different problem.

Mr. SAYLOR. No; it is the same kind of a problem.

Mr. HOPKINS. The development of an individual like you and the putting of capital into a new industry with the soil adapted to it are very different propositions.

Mr. SAYLOR. I beg your pardon. It is the same kind of a proposition until they know how to work out their own conditions and apply them.

Mr. NEWLANDS. Do you expect beet sugar to be produced anywhere in this country within the next ten years for less than 3 cents a pound?

Mr. SAYLOR. For less than 3 cents a pound?

Mr. NEWLANDS. Yes.

Mr. SAYLOR. Not in ten years; no, sir. I should say it ought to be produced at considerably less by the factories that are now in the business and have experience.

But mind you, to manufacture what we need it will take 500 more factories at least. Ten years gives only ten years of experience. The factories that are now in the business and have had their ten years of experience will be producing sugar very much cheaper.

Mr. NEWLANDS. At less than 3 cents?

Mr. SAYLOR. I should think they ought to be producing it somewhere around there.

Mr. NEWLANDS. At what price do you think it could be produced?

Mr. SAYLOR. Well, that is problematic; it is prophecy.

Mr. NEWLANDS. But you think Cuban sugar can be produced now, and was produced two years ago, at \$1.75 per 100 pounds?

Mr. ROBERTSON. Less than that; he said in some sections \$1.25 and \$1.50.

Mr. HOPKINS. He said \$1.75, as I understood it, and that it could be produced for \$1.25 in some places.

Mr. METCALF. That was not his answer. He said from \$1.50 to \$1.75.

Mr. ROBERTSON. No, sir; from \$1.25 to \$1.75.

Mr. METCALF. The witness should know what he said.

Mr. HOPKINS. What did you say?

Mr. SAYLOR. I said they were producing sugar, to my best belief, for from \$1.25 to \$1.75 per 100 pounds, and I believe the average would be about \$1.50.

Mr. ROBERTSON. That is for 100 pounds, is it?

Mr. SAYLOR. Yes; \$1.50 per 100 pounds.

Mr. NEWLANDS. Was I right in understanding you as saying that you thought they could still further reduce the cost of the production of sugar there?

Mr. SAYLOR. No; you were not right in that?

Mr. NEWLANDS. Do you think they can still further reduce it?

Mr. SAYLOR. I think it is just as well now to carry that principle along; and there is where the sugar interests of this country must stand. They are working now on a high cost of production, with every prospect in the world of working down to a lower cost of production. Those countries that are coming under the influence of our American conditions must, as time goes on, pay higher wages.

They must of necessity work upon the cost of production. If you will look in my report on Hawaii, you will find that I pointed out exactly what would happen in Hawaii—that they were going to have to pay higher wages. That is what I figured out at that time, and it has happened just in that way. Wages have been coming up. The wage question is bothering them. It is going to bother them eventually in Cuba. But the reason the beet-sugar interests of this country have standing room with the cane-sugar interests is that they are coming down the scale and the Cuban production is going up the scale. Until they reach a common point—until they come together on a fair basis—I do not see how they can safely make any concessions.

Mr. NEWLANDS. But you think that in time the conditions will be equalized, do you?

Mr. SAYLOR. Yes, sir; I do. I think so.

Mr. NEWLANDS. Do you say that Hawaii went through that process?

Mr. SAYLOR. I say she is starting on it.

Mr. NEWLANDS. Has Hawaii to-day, under her tariff, and with the higher price of labor, any great advantage over our cane-sugar production in Louisiana or our beet-sugar production at the best factories of which you speak in the West?

Mr. SAYLOR. I think there is no place that grows sugar that can get the results that the Hawaiian Islands can. The only reason she comes in in any comparison with Cuba is that it costs her more to produce it.

Mr. NEWLANDS. The labor costs her more?

Mr. SAYLOR. The labor costs her more.

Mr. NEWLANDS. Otherwise the conditions are even more favorable for the production of sugar in Hawaii than in Cuba?

Mr. SAYLOR. Yes, sir; that is right.

Mr. NEWLANDS. And yet you say they felt there the effect of the increased cost of labor?

Mr. SAYLOR. Yes, sir.

Mr. NEWLANDS. And that the tendency is now to equalize that increase because it is gradually approaching the cost in this country?

Mr. SAYLOR. It is working toward that point. There is no doubt but that it will have both effects—that our cost of production will go down as we become more effective in our work and methods and in understanding our conditions, and their cost will come up by reason of paying higher wages.

Mr. ROBERTSON. So far as acreage goes, has Hawaii reached her maximum of sugar production?

Mr. SAYLOR. I think so. That was the feeling of those best posted in Hawaii—that they could produce successfully somewhere near 400,000 tons.

Mr. ROBERTSON. I am talking about acreage—acres of land, area.

Mr. SAYLOR. That increase comes through increasing acreage.

Mr. ROBERTSON. Is there a limit to that?

Mr. SAYLOR. Yes, sir. I say the maximum that they could produce successfully would be 400,000 tons. Now, it was the feeling of those best posted that they might produce 500,000 tons, but that the last 100,000 would be produced at a cost that the first 400,000 would have to carry along.

Mr. ROBERTSON. So you put the maximum development of sugar in Hawaii at 450,000 tons?

Mr. SAYLOR. Yes, sir.

Mr. ROBERTSON. That is the utmost possibility?

Mr. SAYLOR. I think so, of profitable sugar production.

Mr. NEWLANDS. You stated that the cost of production of sugar in Cuba two years ago was \$1.75 per 100 pounds. That was for unrefined sugar, was it not?

Mr. SAYLOR. Yes, sir. I did not state that, though, in just that way.

Mr. NEWLANDS. You did not state that it was unrefined?

Mr. SAYLOR. No; I did not state that it was \$1.75.

Mr. NEWLANDS. I understood you to mention \$1.75, but to state that the average was about \$1.50.

Mr. SAYLOR. Yes, sir; that is what I said.

Mr. NEWLANDS. That was for unrefined sugar, was it not?

Mr. SAYLOR. Yes, sir.

Mr. NEWLANDS. What was the cost of refining that sugar?

Mr. STEELE. We have had that half a dozen times.

Mr. SAYLOR. Well, you know, I am not an expert in refining.

Mr. NEWLANDS. I know, but what is the price paid for refining?

Mr. ROBERTSON. Where?

Mr. NEWLANDS. In this country.

Mr. ROBERTSON. Do you mean by the sugar refiners or the beet-sugar people?

Mr. GROSVENOR. They do not pay for refining.

Mr. SAYLOR. They do not refine sugar.

Mr. NEWLANDS. Well, what allowance do they make for refining?

A GENTLEMAN. One cent a pound.

Mr. NEWLANDS. That would make the cost \$2.50 per 100 pounds for that sugar refined, then, as against 3 cents in this Utah factory of which you spoke, would it not?

Mr. STEELE. I understood it was from 50 to 65.

Mr. ROBERTSON. It seems to me that that is a question that only an expert could answer.

The CHAIRMAN. The experts say from 50 to 62½ cents.

Mr. NEWLANDS. I simply wanted to draw from the witness a comparison between the price of refined sugar in Cuba and in Utah. He was speaking of the cost of refined sugar in Utah and raw sugar in Cuba.

Mr. SAYLOR. You understand that after that sugar is produced at a certain cost it must be sold at a profit. Then it comes to the refiner at a different cost, with the profit of shipping added. Then the refiner refines it and puts on his profit, and then the sugar goes into the market.

Mr. ROBERTSON. What was the sugar output of Hawaii last year? What was her production?

Mr. SAYLOR. I think their shipment to this country, outside of what they consumed, was 309,000 tons.

Mr. ROBERTSON. Was that in 1901?

Mr. SAYLOR. That was for the fiscal year 1901.

Mr. ROBERTSON. Ending June 30?

Mr. SAYLOR. Yes, sir.

ADDITIONAL STATEMENT OF MR. WILLIAM L. BASS,

West Indian sugar interests (Santo Domingo).

PROPOSES A MEASURE FOR THE RELIEF OF THE CUBAN SUGAR INDUSTRY.

The CHAIRMAN. Have you anything to state in addition to what you stated the other day?

Mr. BASS. Yes, sir; I have an entirely new feature to present.

The CHAIRMAN. How much time do you want?

Mr. BASS. Exactly thirty minutes by the watch.

The CHAIRMAN. Well, we will compromise with you and give you fifteen.

Mr. BASS. All right, sir; you can cut me off when I have had fifteen minutes.

The suggestion which I have the honor to respectfully submit for the consideration of the honorable chairman and gentlemen of the Ways and Means Committee is that which many individuals well versed in the intricacies of the sugar question consider an appropriate measure to be tendered for the immediate relief to the Cuban sugar industry, and one devoid of all harmful influences or results.

It is exactly the opposite of any percentage reduction of American duty in favor of Cuban products, particularly that of sugar. It is entirely distinct from any suggestion to remove the differential duty on refined sugars.

It is the desire of the Administration, in the understanding of many, to assist the industrial resources of Cuba in such a manner as will not tend to precipitate annexation or to demoralize existing American interests.

Is it not the desire of the Administration that if there is to be any annexing of Cuba it must be instigated at the express desire of its inhabitants, and this after it has been accorded its political identity, without the least trace of any influences having been brought to bear by the authorities of this great nation which history might record as a subterfuge to deprive the Cubans of their promised liberty?

The purpose of this presentation is to have you consider the pro-

priety of granting at an early date at least the exemption of the differential duty on Cuban unrefined sugars, so long as the island remains unannexed, and under no circumstance to grant a percentage reduction without adding the exemption of the differential duty on unrefined sugars.

If in your judgment the Cuban planters should be deemed deserving of both a percentage reduction of duty on unrefined sugars and the exemption of the differential duty on unrefined sugars, the Cubans will have to appoint a more competent one than myself to express their thanks. In such an instance your attention, however, will be called to some disastrous conditions of the domestic sugar producers at a time removed inversely in proportion to such percentage exemption of duty as may be granted to free Cuba's products.

You have already been requested to refrain from adopting any measure which would operate to the disadvantage of the many, both in and outside of Cuba, and which would tend to demoralize the resources upon which the island must count for its revenue.

Whatever may be the status of Cuba in the immediate or distant future, this measure will in no wise cause any complications; for it is purely industrial and nonpolitical.

This measure is offered as a substitute for a percentage reduction of duty, and one the nature of which will not in any wise prompt an impairing of the income of the Federal Government.

The plan involves merely providing that the Cubans shall pay as much as at present. Should they elect to pay even higher duties, they will be financially benefited at once, and this without requiring added capital or time in which to prepare. This measure is applicable at once or later, with Cuba unannexed, and with restricted trade relations; otherwise it is unnecessary.

The day that Cuba becomes annexed and can enjoy the commercial advantages of the United States Constitution, either by direct provision of Congress or by virtue of Congress failing to act, the Cuban sugar manufacturers will be largely obliged to assist themselves by the means offered in this proposed measure.

This measure has the advantage of being one which the Administration can be judiciously advised to institute at once, regardless of any legislative delay. It will in no wise interfere with the existing arrangements for the Federal Government's income; on the contrary, it will prompt an increase. It is merely necessary to decide that the differential duties, or those corresponding to color, of the existing tariff on unrefined Cuban sugars shall be ignored.

Though the evidence, both material and sentimental, which has taken up so much valuable time might prompt many not versed in the intricacies of the sugar business to consider that a percentage reduction on unrefined Cuban sugars was the readiest means to effect the desirable relief to the Cuban sugar industry, the attempt is nevertheless undertaken to place this subject before you in a light other than heretofore presented.

A percentage reduction on unrefined Cuban sugars would work immense harm in the very quarters in which this honorable body would not, under any circumstances, deliberately or knowingly plan to effect it.

Permit me to thank the honorable chairman and members of this committee for the opportunity afforded to present the suggestion, not

in the interests of myself alone, but of a number the magnitude of which the morrow will best indicate.

Those most interested in this presentation of the subject are the Cuban planters, be their nationality what it may, as well as every cane-sugar planter located elsewhere than or within the bounds of the United States and Cuba, whose exclusive market for his products is the United States. This proposition has not up to this time been sifted out and prepared for a concise presentation to your good selves.

For a more ready understanding the terms "refined" and "unrefined" will be used, the latter when used in connection with sugar corresponding to the current word "raw."

First. We have to assume that the existing duty on imported refined sugars is a legitimate protection for any grade of the domestic refined sugars.

Second. The duty on what is currently termed "raw sugars," or more properly speaking, "unrefined sugars," must be assumed to be both a legitimate and necessary protection for American-made sugars. Time has demonstrated the propriety of this duty as a protective measure. Without it it would be absolutely impossible for any sugar, whether cane or beet, to be produced in the north temperate portion of the United States in competition with sugars from any civilized and purely tropical parts.

Third. There is a differential or color restriction imposed upon the higher grades of unrefined sugars, and this it is proposed to concede to the Cubans in their present straits.

The suggestion which is presented to this honorable body is this: If any relief is to be accorded in the near future to the Cuban industry, and apart from any measures which may affect other commodities, that such relief be the removal of the differential duty, or color restriction, on Cuban unrefined sugars imported into the United States.

Ample testimony is already in the hands of the committee to the effect that such a measure is approved of by the following interests:

- (1) The American refining interests.
- (2) The American beet-sugar interests.
- (3) The Hawaiian and Porto Rico sugar interests.
- (4) The Louisiana sugar interests.
- (5) The independent American planters who are importers and located elsewhere than in Cuba.
- (6) The Cuban sugar planters themselves.

The advantages of the suggestion are:

- (1) It does not decrease the Federal Government's income on unrefined sugars.
- (2) It affords a prompt and material relief to the Cuban sugar planters.
- (3) It leaves the American refiners protected with the differential duty on all imported refined sugars.
- (4) It leaves the Louisiana unrefined sugars protected with the existing duty on imported unrefined sugars.
- (5) It leaves the Louisiana refined sugars doubly protected, (a) by the existing duty on unrefined, and (b) by the differential duty on refined sugar.
- (6) It leaves the Hawaii and Porto Rico sugar, refined or unrefined, correspondingly protected, the same as the Louisiana sugars.
- (7) It leaves the American beet sugar protected by a double duty,

(a) the existing duty on unrefined, and (b) the differential duty on refined sugar.

(8) It leaves American planters in Cuba and elsewhere materially protected.

(9) While affording immediate relief to the Cuban planters it does not tend to demoralize, whether free or annexed, the future economic condition of Cuba.

My task is not to play upon your fancies, or to deceive you, but to place before you, not only in the capacity of legislators, but of judge and jury, ideas on the proper understanding of which depend the happiness and welfare of many fellow-beings.

Under the circumstances an effort will be made to prompt you to hesitate prior to deciding to extend a percentage reduction of duty to the unrefined sugars of Cuba; for it is a measure which would work untold misery upon many, which would positively benefit no one, and which would prompt regret.

It has been stated that the American refining interests approve of this suggestion. It in no wise interferes with such existing duties as are imposed upon any imported refined sugars.

You will pardon my recalling to your memory that which without doubt you are already familiar with in this connection. It is the fact that there is a refining interest pure and simple, as well as a combined manufacturing and refining interest, in this country. The former operates exclusively with a primary purchased product, and the other refines its own and the primary product of others.

The former are referred to as refining interests, and the interests of the latter are better entertained by considering them in the category of American beet-sugar factories.

Furthermore, it is a fact that to the mere refining interests it is immaterial whether any duty is levied by this Government upon unrefined sugars or not. So long as there exists the duty on refined sugars, these interests are fully protected and amply satisfied.

Such, however, is not the case with the American beet-sugar industry. The refining element in this industry is dependent upon the protection accorded to pure and simple refiners; but they are furthermore dependent for the protection of the production of their primary product upon the duties at present levied upon the unrefined sugars.

I trust this makes clear to you, gentlemen, the indifference on the part of the purely refining interests as to whether a small or large percentage reduction of the duty on unrefined sugars be granted to the Cuban sugar interests.

Mr. Hawley came before you not in the interests of the refiners, but of the American Cuban planters. His glittering generalities ably attest this fact.

Mr. Post, of New York, did not appear before you in the interest of the Cuban planters, but in the capacity of a refiners' broker and refiner, and indicated to you the indifference of his interests to any measure so long as it did not take off the duty on refined sugars.

As long as no step is contemplated which will in any wise reduce the existing duty on refined sugars, I trust it is evident that the proposition involves no menace to the refining interests to this country.

To substantiate this assertion, you will permit me to quote from the letter, if I mistake not, from Mr. John D. Spreckles, president of the Spreckles Sugar Company of San Francisco, which was addressed to

one of the members of this honorable committee, Mr. Long. In this letter the statement is specifically made that—

Should Congress deem it advisable to make a reasonable reduction on raw sugars from Cuba, we as beet-sugar manufacturers can stand such a reduction on such tariff, and still, with such decreased duties, feel assured of a legitimate profit on the actual money invested.

The foregoing approval is made by this company in the dual capacity of a beet-sugar manufacturer and a refiner of beet sugar.

If, in this connection, further substantiation be necessary, permit me to quote from another paragraph of the same letter:

Whatever concession, however, is made in the duty on raw sugar, we desire your cooperation for the continuance of the protection on refined sugar imported from any country, as any reduction in said duty would cause more general hardship to beet-sugar manufacturers than a reasonable reduction of the duty on raw sugar.

We have here the specific statement that so long as the duty is not affected as regards refined sugars, there is no objection to such steps as might be taken with a view to removing some slight restriction upon raw or unrefined Cuban sugars.

(Mr. Bass not having finished his remarks, was given permission by the chairman to print the remainder of them, as follows:)

The next assertion was to the effect that this measure has the indorsement of the American beet-sugar interests. In this connection permit me to call your attention to the indications repeatedly made by the representatives of the beet-sugar industry before this body, and which are already in the records of these hearings—that they favored the removal of the differential, or color restriction, in preference to a percentage reduction of duty being tendered the Cuban unrefined sugars.

To indicate to you gentlemen the harmony of interests which exist between the beet-sugar element grouped under the able leadership of Mr. H. T. Oxnard and the Spreckels Sugar Company of San Francisco, permit me to quote from the letter above referred to:

Should Congress deem it advisable to make a reasonable reduction on raw sugars from Cuba, we, as beet-sugar manufacturers, can stand such a reduction on such tariff, and still, with such decreased duties, feel assured of a legitimate profit on the actual money investment.

With the foregoing, the approval of the American beet-sugar interests is indicated.

The statement is made that the idea meets with the approval of the Hawaiian and Porto Rico sugar interests.

The planters in both of these localities to-day enjoy the privilege of manufacturing and importing into the balance of the country any grade of refined or unrefined sugars which they may elect to make, or which is the more readily produced with such equipment as they have in their factories.

The mechanical status of the Porto Rico sugar industry, it is true, is far behind the age, and at this date no sugar is refined on the island.

The Hawaiian planters, on the contrary, have the most approved appliances.

Both of these communities, the one situated to the southeast and the other to the southwest, are located within the purely tropical zone, and are thus able to enjoy all the corresponding climatic advantages.

Being within the United States they enjoy the double protection

(1) of existing duties on unrefined and (2) the corresponding duty upon refined sugars.

The sugar planters of both communities are fully aware of the results which would take place in their respective localities were a simple percentage reduction of duty conceded, either reciprocally or gratuitously to the Cuban unrefined sugars.

The gentleman who upheld the interests of Hawaii in the presence of this committee admitted that the condition of the sugar industry in that locality readily permitted of at least a 10 per cent favor to the Cubans. Under the circumstances the Hawaiian sugar interests can not offer any well-founded objections to assisting the Cuban sugar industry as long as it is not by a percentage reduction, but rather a measure to afford the Cubans an opportunity to assist themselves without materially affecting the many American sugar interests. The statement is made that the proposition bears the approval of the Louisiana interests.

While aware of the circumstances that when the subject of taking off a differential was broached before this honorable body an opposition was indicated from among some of the Louisiana constituents, this assertion nevertheless holds good.

Both in an industrial and political sense this is a country of majorities.

Such individuals in Louisiana as primarily produce a refined sugar are in a marked minority. These already enjoy a double protection, and will continue to do so even should this suggestion be adopted. They have the protection corresponding to the unrefined product and the added protection on the refined product, and they are not to be accused of being unreasonable. The measure proposed surely leaves them too well provided for to warrant any opposition on their part to what is proposed, for any opposition in this instance is liable to work disastrous consequences upon their Louisiana and other associates as well as themselves.

While recognizing that a large proportion of the Louisiana crop is in the form of high-grade unrefined sugars, it is nevertheless a fact that these planters of high-grade unrefined sugars as well as the planters who produce lower grades are fully alive to the difference which would result to their interests by granting to the Cuban a percentage reduction instead of the removal of the color restriction.

Even a slight percentage reduction of duty in favor of Cuban unrefined sugars would have the effect of immediately lowering the value of every pound of Louisiana sugar which is dependent for its marketing upon the local refineries.

It is indeed difficult to conceive that, in an extremity like the present, when something is surely going to be done, that the well informed Louisiana planter, with a full understanding of the terms color restriction on unrefined sugars and a percentage reduction of duty can be found who would approve of granting the latter to the Cubans.

The next announcement was to the effect that this measure was approved of by the independent or scattered Americans who are sugar planters, have exclusively the United States for their market, and happen to be located elsewhere than in Cuba.

These understand that the great Cuban crop of unrefined sugar coming to this market, and enjoying a percentage reduction of custom duties, permits the refiners who are the sole purchasers of all unrefined imported sugars, due to the existing color restraint on unrefined

sugars, to bear down or lower the existing low price of unrefined sugars from both Cuba and elsewhere. This will result for the reason that when the Cubans enjoy a 25 per cent reduction of import duties they will have no objection to parting with a slight or even material part of this advantage so long as they are able to effect a ready sale of their product and still enjoy some actual advantage over other producers who do not happen to be located in Cuba. This, on the one hand. On the other, the cartel sugars of Europe, ever prepared as they are to be depressed, is an important factor for consideration.

Between European cartel sugars and reduced duty Cuban sugars the market value of imported and local unrefined sugars can be readily depressed far beyond present limitations. It is in this process of reduction that the advantage that it is alleged will accrue to the Cubans by the granting of a percentage reduction of duty will vaporize.

There are many Americans most materially and seriously interested in this particular feature, and these more than request—they implore you to consider the disastrous results of this possibility.

The sixth assertion is that the Cuban planters approved of the proposition. No surprise should be occasioned by this statement.

Every Cuban sugar planter hopes that some assistance may be tendered to him at an early date. They are not concerning themselves as to what may be the particular remedy. Their ideas vary.

A few desire annexation regardless of whether the United States Supreme Court will allow them the commercial privileges of the Constitution or otherwise.

A few desire annexation, but with the specific condition of enjoying absolute free commercial intercourse with the balance of the nation.

A few desire a percentage reduction in the immediate future, regardless of its consequences and whether the island be annexed or continue as an independent community.

Many will be more than satisfied to enjoy, until the island is annexed, the commercial advantages which will accrue to them, when tendered the privilege to import any grade of unrefined sugar and pay the corresponding duty, provided that the differential duty corresponding to color, or as it is currently termed the color restriction, be removed.

The importance of this apparently insignificant grant and the magnitude of the advantage tendered to the Cuban sugar industry can readily be made clear to the gentlemen of this committee.

What would be the status of the Louisiana, the American beet, the Hawaiian, or the Porto Rico sugar industry if by an act of Congress either of these were to be denied the privilege of locally marketing any sugar which was not refined, and were obliged to dispose of all unrefined sugars to the refineries?

This question best indicates the actual condition to which imported unrefined sugars are subject and which results solely from the maintaining of the existing differential duty on imported unrefined sugars.

American producers of unrefined sugars recognize what a material advantage is this, viz, the privilege to dispose of high-grade unrefined products, regardless of the extra cost of their production.

The removal of the differential duty or color restriction on unrefined Cuban sugars will permit the Cuban planter to dispose of an unrefined sugar at a price materially above what the American refiners will offer for them, while the American public will be able to acquire

the various grades of both imported and local sugars at a slight reduction from the prices currently maintained.

The beneficial results of such a measure would take effect almost immediately upon its adoption, or at the latest within three weeks, and in many instances at an earlier date. This from the fact that many estates on the island of Cuba have already prepared for such an eventuality.

Every factory in Cuba would only have to disburse from \$150 to \$500 to install a sulphur furnace and bath, or bleaching outfit, through which to pass the juice when it was being pumped from the mill to the next step in the process of manufacture, purge hot and rinse the unrefined sugars while in the centrifugals.

These bleachers would require a week to manufacture, a week to ship, and another week for local transportation and installation. Many would be constructed locally.

When it becomes known that a hearing has been given to this specific suggestion, many planters will not wait for the measure to be adopted, but install these bleachers in anticipation.

The harm instead of the benefit which would accrue to the Cuban sugar interests were a percentage reduction granted instead of the removal of the differential duties on unrefined sugars has been referred to.

The value of their unrefined sugars under no circumstances would be benefited by the entire amount of percentage reduction granted, so long as the differential restriction on imported unrefined remained operative.

The subject of consideration before this honorable body is sugar and not diplomacy, and such as have been honored with the task of pleading the cause of my native land and of the Cuban sugar interests should have placed before this honorable body the petition to grant, not only a material percentage reduction of duty, but the removal of the differential on unrefined sugars, and this accompanied by the statement that anything else, other than free trade or annexation, would not benefit them in the least.

The subject has been herein considered in connection with free Cuba, and the contemplated granting of a slight percentage reduction of duty, say to the extent of 25 per cent. The various influences which become detrimentally operative to all concerned should a grant of percentage reduction, however limited, be made are aggravated when the percentage is increased to, say, 50 or 75 per cent.

Everyone engaged in the capacity of manager or owner in the manufacture of sugar recognizes that this measure will afford a prompt and material relief to the Cuban planters, which can not be disproved by anyone, whether planter or other.

It will take the form of permitting him to get some part of that ever-existing difference between the price that the refiners would give him for his present differentially restricted and unrefined product and the price that the refiners are selling refined sugars to the American public.

This difference is due to the duties on both the unrefined and refined sugars and the differential on unrefined sugars. At present it is approximately \$1.25 per 100.

What the Cuban planter can acquire by his own efforts and ready means, should this suggestion be made operative, is readily seen to be

equivalent to more than he could get from a 25 per cent reduction of existing duty, or 42 cents per 100.

He is at present receiving for his relatively high grade unrefined product, approximately, but \$1.50 per 100. The unrefined imported sugars, duty paid, are at \$3.50, and the quotation of this commodity after being refined in the States is \$3.75 (see quotations January 25, 1902), leaving a difference of \$1.25. This may not appear as much, but any part of \$1.25 added to \$1.50 is not to be lightly considered by sugar planters.

Of the \$3.50 nearly \$2 should be deducted for import duty and charges. This \$2 taken from \$3.50 leaves the Cuban or other importer at present with a little over \$1.50 per 100 pounds.

The Cuban planter has but to slightly improve his product (at no appreciable expense) and pay a slight increase of import duty, corresponding to the higher purity, and he is immediately afforded an opportunity to secure a part of the \$1.25, but not all, because his product is still unrefined.

To one not actually engaged in the manufacture of sugar it might seem strange that the Cuban sugar planters could be aided by arranging to have them, if they so elect, pay higher duties.

Should the honorable chairman of the Ways and Means Committee inquire of a neutral sugar planter, say of Jamaica, if he would be satisfied with the removal of the differential duty on unrefined sugar or color restriction, the importance of this suggestion would be made further manifest.

It is a measure which, should there arise any international controversies in connection with "the most-favored-nation clause," the President may, without detriment to the interest of anyone, concede to any and all applicants who may not happen to be associated with any bounty.

The extension of this grant to others than the Cubans will not be detrimental to the interests of the Cuban planters, as they are by the status of their mechanical equipment well prepared to produce the higher grades of unrefined sugars, and thus be protected against such competition as might indirectly arise in connection with the importation of low-grade Java and Philippine unrefined sugars.

The delay in presenting this specific suggestion was due to the demoralization resulting from the consternation that existed among the numerous interested parties when it became evident that the relief to the Cubans, in that which affected the particular product, sugar, was to take the form of a simple percentage reduction of existing duties on unrefined Cuban sugars imported into this country. The feature of whether it was to be tendered as a reciprocal or magnanimous measure was not a consideration.

It was not until the termination of the hearing on Saturday, January 25, 1902, that it became apparent to the various factions that each of the five, which were liable to be so violently affected, and which had apparently opposed any relief to the Cuban sugar interests, were unanimous in their entertaining no reluctance to have the Cuban sugar interests assisted along the line of doing away with the differential duty on unrefined sugars.

The many advantages of this proposition, in so far as it leaves unaltered the numerous existing American interests, do not require to be enlarged upon. They have already been announced.

In this you have presented a complete suggestion, viz, the removal of the differential duty, or that corresponding to color restriction, upon Cuban unrefined sugars imported into the United States.

Mark well the term "unrefined."

This proposition does not involve the removal, to the detriment of either the Federal Government's income or American producers, any part of the duty on either unrefined sugars or refined sugars.

This differential on imported unrefined sugars, though apparently an insignificant feature, is, nevertheless, a grievous restriction, and its removal would promote material relief. Its existence works harm to both the American and other producers and the American consumers.

Were this suggestion offered solely as a substitute for a contemplated percentage reduction, and for the purposes of complicating matters before this honorable committee, this presentation would stop here. But such is not the case. The purpose of proposing this measure is to hasten and not to delay such steps as may have for their purpose to provide an immediate relief for Cuba. In the furtherance of this aim a brief and concise defining of the two words, "refined" and "unrefined" or "raw" sugars, is given.

Refined sugars are such as have been manufactured in connection with the use of vivified "boneblack," by some termed "animal charcoal," and others "char."

Unrefined or raw sugars are such as have been manufactured without the use of this "boneblack" or "char."

These definitions are specific and hold good for the many grades of both refined or unrefined sugars regardless of their degree of purity.

Unrefined sugars vary from the lowest to the very highest degree of purity. To produce the latter in an unrefined state is a wasteful process and seldom practiced.

Refined sugars are of various grades of purity, for when the refiner supplies himself with unrefined sugars, his entire refined product is not exclusively of the highest grade.

This measure if adopted would promote such advantageous conditions not only to the Cuban sugar industry, be the political status of the island what it may, but to others, and prove of such marked advantage to both the American producers and consumers of all grades of sugar, that at no distant date this body would be called upon to consider the advisability of removing from the tariff this particular feature which is here suggested should be granted to the Cuban planters at this juncture.

The press by no means voices the ideas of the informed individual, for when the Spreckels letter was printed parts herein quoted were not used. In order that no unjust accusation may be directed against such as have appeared before this honorable body, you will permit me to quote from the press the following:

Another prop has been knocked from under the beet-sugar men and their supporters in Congress by Prof. John Bassett Moore.

Professor Moore's evidence before this honorable body is summarized by the quotation attributed to him:

I am of the opinion that the most-favored-nation clause does not stand in the way of the mutual reduction of duties on trade with Cuba.

Mr. Chairman and gentlemen, permit me to respectfully inquire, Has any individual come before this body objecting to "the mutual reduction of duties on trade with Cuba," or, in other words, reciprocity?

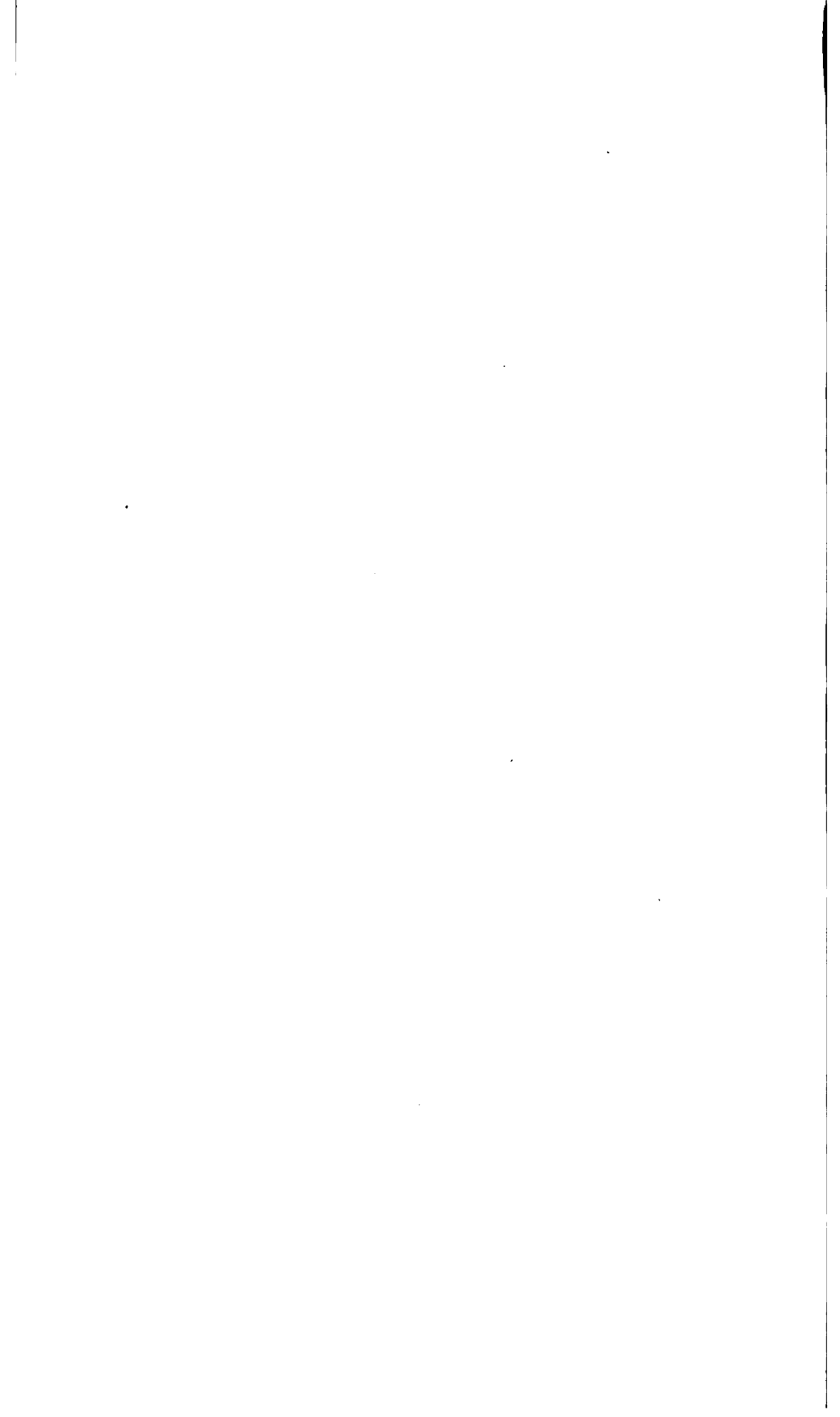
Colonel Bliss has made manifest to you the absence of that deplorable condition so widely announced by the press.

The indirectness of Mr. Hawley's replies to the repeated inquiries in this regard need no recalling.

(The foregoing was not read, see p. 539.)

The CHAIRMAN. This is the last gentleman who desires to appear, so far as I know.

The committee thereupon adjourned.



APPENDIX.

EXHIBIT A.

STATEMENT OF MR. EDWIN F. ATKINS, OF BOSTON, MASS.

[See page 28.]

[Extract from Census of Cuba 1899, p. 526.]

The total output of sugar in the world was for some years in excess of the requirements for consumption. This overproduction and consequent accumulation of stocks brought prices down to a point which, in all probability, was considerably below the average cost of production.

Germany, as the largest sugar-producing country, naturally fixes the market prices of the world. The refiner in New York will pay no more for sugars to be shipped from Habana than the equivalent of the price at which he can buy at Hamburg, difference of freight, duties, bounties, and quality, of course, considered.

The present average cost of production of German raw sugar is said to be about 9 shillings per 112 pounds. At this figure the existing bounty upon exports would allow sales for shipment to England, where no duty is paid, as low as 8 shillings (\$1.71) per 112 pounds for 88 analysis beets. This, allowing for difference in values of the two grades, would be equivalent to \$1.89, United States currency, for 96 test Cuba centrifugals under like conditions, viz, f. o. b. at port of shipment for any country such as England, where the two grades enter upon equal terms.

The effect of our countervailing duty assessed upon bounty-fed sugars under the Dingley Act of 1897 has been to raise the comparative value of cane sugar in producing countries as against beet sugar, and to place Germany and other European sugar countries in exactly the same position, as far as the United States market is concerned, as if no bounties were paid by them; thus, in considering Germany's competition with Cuba in the United States market, we may eliminate both bounties and countervailing duties as factors and say that when Germany can sell to England at 8 shillings she must obtain 9 shillings from the United States to give her shippers an equal price; 9 shillings is equivalent to about \$2.18 United States currency for Cuba centrifugals, 96 test, f. o. b. Cuba.

The export price of German sugar at Hamburg from January 1 to June 1, 1898 (a period covering the Cuban sugar-crop season), ranged from 9s. to 9s. 9d., with an average of about 9s. 4½d.

Last crop prices gave the Cuban manufacturers an average of about 4½ reals per arroba—say, 2½ cents Spanish gold—a price at which they

could be laid down in New York, slightly under the parity of European beets, duty paid.

The imports of beet sugar from Europe into the United States from January 1, to June 1, 1898, were 22,000 tons, against 496,000 for same period of previous years, while imports of cane sugars showed an increase of some 60,000 tons, this change in source of supply being brought about by the countervailing duty.

It is not possible to give any figures of the average cost of production in Cuba. In my opinion it is undoubtedly higher than the average of Germany.

Of the 2½ cents net obtained by the Cuban manufacturers the cane (which is generally purchased upon its sliding scale based upon the current value of sugar) cost them from 1 to 1½ cents per pound of sugar, according to yield at various factories. This would leave them but a little over 1 cent per pound average margin to cover manufacturing expenses, salaries, maintenance and repairs, office expenses, interest, insurance, and freight to seaboard; and while some factories, thoroughly equipped as regards machinery, skillfully conducted as to business management, favorably located regarding inland transportation, and not dependent upon borrowed capital, have shown fair interest returns upon capital invested, very many have been operated at a loss, aside from such losses as arose from the war, and the margin of profit, both past and prospective, is not such as invite any large investment of new capital in sugar manufacturing.

The future values of sugar in Cuba are dependent, not upon the cost of production in that island, but rather upon the cost in Germany and to the extent to which free sugars are to be admitted into the United States from the Sandwich Islands, Porto Rico, and the Philippines.

With new capital and skill the average cost of production in Cuba can be reduced, and with either free sugars or a uniform rate of duty in the United States assessed upon all sugars (a countervailing duty to offset foreign bounties always maintained), she can hold her own and recover her prestige as a sugar-producing country, but the margin of profit in sugar manufacturing is so small and the world's capacity for production so great that Cuba can not recover her prosperity in the face of any advantage to be given to sugars from other countries entering the United States.

At current prices in Cuba, cane is worth to the planter the equivalent of \$2 (\$2.50 per net ton), out of which price he must pay for his planting and cultivation, cutting, and delivery to the factory or nearest railroad point. As the cost of cane production consists almost entirely of labor and wages in Cuba, and for years previous to the insurrection ranged about the same in Spanish gold as similar work command in the United States, the profits in this branch of the industry have not been great, and have been dependent upon skill in management, quality of lands, and proximity to factories.

The supply of labor and rates of wages in the future are now most serious questions to the sugar producer in Cuba, and present the greatest obstacle to reducing cost.

For supplies of cane the manufacturer must depend either upon his own resources or upon large planters.

Factories to be operated at a profit should be kept running day and night, and cane, owing to its nature, must be ground immediately it is cut.

The grinding season in Cuba is limited to about one hundred and twenty working days, and small farmers, while they can generally find a market for their cane, can not be depended upon for a constant regular supply.

Had Cuba the power to dictate her own prices she could maintain sufficient margin to overcome local difficulties, but that power has long since passed and future profits must be dependent upon her economies.

The price of cane to her planters is dependent upon the price at which her manufacturers can sell their sugar, and this price in turn is dependent upon the figures at which other sugar-producing countries (principally Germany, the great factor in the world's sugar trade) can place their goods, duty paid, in New York.

If Cuba in the future should have to compete to any extent in the United States with free sugar from other countries, while a duty was exacted upon Cuban sugars, her case would seem to be hopeless.

[See page 63.]

Resolutions concerning the establishment of reciprocal relations with Cuba by special act Congress, adopted by the Merchants' Association of New York, December 5, 1901.

Whereas, in connection with Cuban affairs, President McKinley, in his annual message dated December 5, 1899, said:

This nation has assumed before the world a grave responsibility for the future good government of Cuba. We have accepted a trust, the fulfillment of which calls for the sternest integrity of purpose and the exercise of the highest wisdom.

The new Cuba yet to arise from the ashes of the past must needs be bound to us by ties of singular intimacy and strength if its enduring welfare is to be assured. Whether those ties shall be organic or conventional, the destinies of Cuba are, in some rightful form and manner, irrevocably linked with our own.

And whereas President Roosevelt, in his annual message to Congress, sent to that body at the opening of the current session, concerning the establishment of better commercial relations with Cuba, said:

Elsewhere I have discussed the question of reciprocity. In the case of Cuba, however, there are weighty reasons of morality and of national interest why the policy should be held to have a peculiar application, and I most earnestly ask your attention to the wisdom, indeed to the vital need, of providing for a substantial reduction in the tariff duties on Cuban imports into the United States. Cuba has in her constitution affirmed what we desired, that she should stand, in international matters, in closer and more friendly relations with us than with any other power; and we are bound by every consideration of honor and expediency to pass commercial measures in the interest of her material well-being.

And whereas Hon. Elihu Root, Secretary of War, who has paid particular and close attention to the conditions existing in Cuba, and of the needs and interests of that island, has written on this subject very fully in his recent annual report for the year 1901, and has therein advocated the establishment of better commercial relations, giving a number of statistics as a reason therefor, and elaborating and setting forth in strong terms his argument in favor of such a course, among other things having said:

It will be observed that, notwithstanding the intimate political relations which have existed between the United States and Cuba since 1898, American production

has not succeeded, to any considerable extent, in superseding the productions of other countries in the Cuban market.

The prosperity of Cuba depends upon finding a market for her principal products, sugar and tobacco, at a reasonable profit. Under existing conditions, or any conditions which are to be anticipated, she can find such a market for her sugar, and to a great degree for her tobacco, only in the United States. Under the existing provisions of the United States tariff law the prices which can be realized for Cuban sugar and a large part of Cuban tobacco in this market are not sufficient to pay the duties, cost of transportation and production, and yield a living profit to the producer.

Cuba has acquiesced in our right to say that she shall not put herself in the hands of any other power, whatever her necessities, and in our right to insist upon the maintenance of free and orderly government throughout her limits, however impoverished and desperate may be her people. Correlative to this right is the duty of the highest obligation to treat her not as an enemy, not at arm's length as an aggressive commercial rival, but with the generosity which, toward her, will be but justice; to shape our laws so that they shall contribute to her welfare as well as our own.

Our present duty to Cuba can be performed by the making of such reciprocal tariff arrangements with her as President McKinley urged in his last words to his countrymen at Buffalo, on the 5th of September. A reasonable reduction in our duties upon Cuban sugar and tobacco, in exchange for fairly compensatory reductions of Cuban duties upon American products, will answer the purpose, and I strongly urge that such an arrangement be promptly made.

Aside from the moral obligation to which we committed ourselves when we drove Spain out of Cuba, and aside from the ordinary considerations of commercial advantage involved in a reciprocity treaty, there are the weightiest reasons of American public policy pointing in the same direction; for the peace of Cuba is necessary to the peace of the United States; the health of Cuba is necessary to the health of the United States; the independence of Cuba is necessary to the safety of the United States. The same considerations which led to the war with Spain now require that a commercial arrangement be made under which Cuba can live. The condition of the sugar and tobacco industries in Cuba is already such that the earliest possible action by Congress upon this subject is desirable.

And whereas Maj. Gen. Leonard Wood, governor of Cuba, whose record is known to all men, who was appointed to the position he now holds by the late President McKinley, and who is being continued in office by President Roosevelt, is recently quoted as saying:

I shall do all I can, personally and officially, to aid in the securing of certain reasonable tariff concessions, especially on sugar and tobacco. I believe such concessions are absolutely essential for the well-being of the island, and that without them there will be a lack of development, investment, and business enterprise to such an extent as to render the maintenance of business confidence impossible.

Unless there is a condition of business confidence in Cuba, the ability of the new government to maintain the present sanitary, educational, and other systems will be problematical.

Now, therefore, in view of the statements made above by the late President McKinley, by President Roosevelt, by the Hon. Elihu Root, Secretary of War, and by Maj. Gen. Leonard Wood, now and for some time governor of Cuba; in view of the conditions actually existing on that island, as reported by these responsible authorities, which conditions, unless improved, will fast lead the island to absolute bankruptcy and to all the suffering that follows therefrom, and in view of the moral obligation voluntarily assumed by and resting upon the nation to relieve those conditions at the earliest possible moment,

Be it resolved, That the directors of the Merchants' Association respectfully, but urgently, request Congress to give immediate consideration to these conditions, and to pass as speedily as possible such legislation, in the way of lowering the duties upon the Cuban products coming to the United States, as will insure a market for those products, conditioned, of course, upon the establishment of reciprocal arrangements in favor of American manufactured products which might naturally seek a market in Cuba, but which, owing to Cuba's present tariff schedules and curtailed purchasing power, are now debarred therefrom. And be it further

Resolved, That a copy of these preambles and these resolutions be sent to the President of the United States, to the members of his Cabinet, to all members of Congress, to Major-General Wood, governor of Cuba; to the various commercial bodies throughout the United States, and to such others as, in the judgment of the officers of the Merchants' Association, may be deemed advisable.

I hereby certify that the foregoing is a true and correct copy of preambles and resolutions duly adopted by the board of directors of the Merchants' Association of New York this 5th day of December, 1901.

[SEAL.]

S. C. MEAD,
Assistant Secretary.

EXHIBIT B.

BRIEF SUBMITTED BY MR. GEORGE STORM, PRESIDENT NATIONAL ASSOCIATION OF TOBACCO GROWERS.

[See page 124.]

I take it for granted that in approaching the subject of reciprocity with Cuba, the question is not to be treated from a sentimental standpoint, or in accordance with public opinion as it has been manufactured in this country. I shall treat it from the commercial and industrial standpoint, and endeavor to point out to your committee how such a measure would affect the tobacco industry of this country.

It is claimed, in a general way, because of the altered conditions, that some of the markets of the world are closed to Cuba, and therefore we are in duty bound in some manner to compensate the Cuban people for this loss. I defy anyone to show me any market in the world that has been closed to Cuba for the disposal of its tobacco, or, in other words, I contend that whatever markets existed for Cuban-grown tobacco prior to the last rebellion exist to-day.

Some people are under the impression that Cuba has been deprived of the Spanish market for tobacco. This is a mistake. The manufacturing of tobacco in all its various forms is a Government monopoly in Spain; and the conditions for its importation are therefore precisely the same as they were prior to the rebellion, excepting that until a few years ago there was always taken into the island of Cuba a large volume of tobacco from Porto Rico, which, together with other poorer species of the Cuban-grown tobacco, was principally sold to the Span-

ish Government. So profitable had this business become that just prior to the rebellion, or in its early stages, there were as many as 50,000 bales of Porto Rican tobacco imported into Cuba.

The importation of this Porto Rican tobacco was finally forbidden because it was claimed that the inferior quality of the article injured even the lowest grade of Cuban-grown tobacco; and when the island of Cuba finally came under the control of the United States, tobacco not only from Porto Rico but from the United States and from other countries was being imported into Cuba.

The War Department, for no reason that the tobacco trade can understand, imposed a duty of \$5 per pound on all tobacco entering the island of Cuba. This, of course, is prohibitory. It can therefore be seen that so far as Cuba supplies the requirements of Spain, this Porto Rican tobacco no longer plays any part; and this should be an advantage to Cuba.

Now, let us see if any great urgency, so far as tobacco is concerned, exists; whether the tobacco owners or planters in Cuba will starve if some immediate relief is not afforded. In the first place, there is comparatively no tobacco in the hands of the planter, excepting that which he is growing. There is, however, a very large volume of tobacco held in Habana, and probably in other parts of the island, awaiting a reduction of tariff to be sent to this country. This is in the hands of speculators and people who are not likely to starve.

The production of tobacco in the island of Cuba before the rebellion was anywhere from 450,000 to 550,000 bales of about 100 pounds each, or, say, from 45,000,000 to 55,000,000 pounds. Of this there was available for cigar purposes from 35,000,000 to 40,000,000 pounds, the balance being too poor to be used for cigars.

By looking at the importation of tobacco from the island of Cuba into the United States you will find that there were imported into the United States for the year ending June 30, 1901, 18,638,796 pounds of tobacco, of which 94,484 pounds were classified and paid duty as wrappers. That is to say, about one-half of 1 per cent of the whole came under the head of wrappers. You will observe, then, that we have taken in the year above mentioned fully one-half of all the tobacco produced in the island of Cuba for cigar purposes. In addition to this, as already stated, there are large quantities held in the island ready to be shipped to the United States.

In no one year in the history of the importation of tobacco have the importations been anywhere near as great as those above mentioned. Therefore the contention that we are not taking the product of tobacco of the island of Cuba in sufficiently large quantities must fall to the ground. Moreover, the prices for this tobacco in the island of Cuba were above the average, if you will take the ten years prior to the rebellion as a basis of calculation, and this in spite of the fact that the excellency of the article left much to be wished for.

Now, notwithstanding the enormous quantity of tobacco that we have taken from the island of Cuba, her people have insisted upon imposing a duty of \$5 per pound on all tobacco imported from the United States into Cuba. Of course this is prohibitory.

The United States is the largest tobacco-growing country in the world, and why our tobacco should be excluded from the island of Cuba is not quite clear to me. True, it is claimed that the importation of any foreign tobacco into the island of Cuba would be detri-

mental to her product. In the first place, they need not buy it. We do not propose to make a law compelling them to take our tobacco. For example, it would not be considered a very friendly act on the part of France if she should exclude our California wine from Bordeaux.

In so far as their cigar industry is concerned, they have probably never made more than 300,000,000 cigars annually in the island of Cuba, whereas there are made in the United States anywhere from 400,000,000 to 600,000,000 of what are known as clear Habana cigars. This industry has grown and is still steadily growing, and the presence of American tobacco has not been detrimental to its development.

Now, on what ground do these people claim a reduction in the tariff, and who is it going to benefit? They certainly can not successfully maintain the position that it is because we have a duty of \$1.85 on wrappers, for the reason that they simply have not paid it. I have shown you that the total duty paid on wrappers in an importation of between 18,000,000 and 19,000,000 pounds represents one-half of 1 per cent. Therefore, whatever the duty, they have found a way to evade it.

You can make your own calculations. I repeat that there are made in the United States anywhere from 400,000,000 to 600,000,000 cigars supposed to be covered with Habana wrappers. It usually takes 5 pounds of Cuban-grown tobacco to cover a thousand cigars. It would therefore seem that the advantages that have been accorded the wrappers from Cuba have been simply enormous.

Again, let us put it this way: The Sumatra tobacco is the wrapper on the bulk of the cigars smoked by the masses, or the cheaper article. The duty is \$1.85 per pound. It takes about 2 pounds to cover a thousand cigars; and therefore the Government receives a duty of \$3.70 on the wrappers of the cigars that constitute the smoke of the masses. The Habana-covered cigar constitutes in a great measure the high-priced article; and assuming that they use 5 pounds to wrap a thousand cigars, at a duty of 35 cents (which is virtually all they pay) it will be observed that the wrapper on the high-priced article yields the Government a revenue of \$1.75 per thousand.

Now, what do they propose to do? Cut that in two, or lower it still further, and retain the duty of \$3.70 on the cigars not covered with Habana wrappers? This scarcely seems reasonable.

Let us see its effect on the tobacco industries so far as it affects the leaf grown for cigar purposes. Because of the McKinley law, and afterwards the Dingley measure, a large amount of Northern capital was invested in restoring the lost industry of tobacco growing in the South. These enterprises are located principally in Florida, and some in Georgia. There have been millions of dollars and no end of worry and anxiety expended in making this undertaking a success, and I believe that these efforts are about to be rewarded by some measure of success and a return for their outlay.

I will read here an article taken from one of the New York dailies. All of you have doubtless seen, from time to time, mention of the revolution which has been brought about in the cultivation of tobacco by growing it under cheese cloth. This discovery—if it may be so called—was made in Florida, and with the aid of the Agricultural Department it is now spreading throughout the entire tobacco sections of the United States, and has also been introduced into Cuba. The article is as follows:

TO-DAY'S CABINET MEETING.

[Report by Secretary Wilson on tobacco industry in United States.]

WASHINGTON, January 10.—At the Cabinet meeting to-day Secretary Wilson explained what had been done by his Department in the way of experiments in raising tobacco. He stated that it had been fully demonstrated that we could raise in this country all the wrapper tobacco necessary for domestic use, and of a quality second to none. In every particular it was as fine as could be grown in Cuba or any other country. Last year ten acres of filler tobacco had been successfully raised in Pennsylvania of a very high grade, and during the coming season extensive experiments would be made in raising high-grade filler in Ohio, Texas, North Carolina, and California. Last year the imports of wrapper tobacco into the United States amounted to \$6,000,000, and of filler \$8,000,000. In a short time, the Secretary said, we would be able to supply our own wrapper and filler of a grade that would challenge the best grown anywhere in the world.

And now, for no reason that is apparent to me, the United States Government, so full of the milk of human kindness for the poor Cuban, purposes to throttle this industry at the moment when it promises such great results as are pointed out by Secretary Wilson!

I hold that the lowering at this time of the duties on tobacco coming from the island of Cuba would prove disastrous to the entire cigar-leaf growing industry of the United States.

The contention is made that this would be the lesser evil, and that if we do not enrich these people immediately it will mean annexation. When that happens we will try and meet it in a manly fashion and adapt ourselves to the altered conditions as best we may. I realize that in the development of this country some may have to suffer. There were a great many of our people killed in the liberating of the Cubans. There may be still suffering in store for some of us, and, as already said, when that comes we will bow to the inevitable. But we have decided objection to being sacrificed at this time purely for a sentiment, or for the purpose of enriching the Cubans at the expense of our industry.

The tobacco growers in the United States will undoubtedly demand that whatever it may be thought wise to make the duty on tobacco from the island of Cuba, precisely the same duty should prevail on tobacco from the United States which is imported into the island of Cuba.

The following resolution and memorial of the Ohio Leaf Tobacco Packers' Association were presented by Mr. A. H. Reeder, chairman of the Dayton organization. (See p. 163.)

RESOLUTION OF THE OHIO LEAF TOBACCO PACKERS' ASSOCIATION.

Resolved, That we are opposed to any change in the present tariff on leaf tobacco, and that a material reduction would be a serious blow to the tobacco industry of Ohio; and be it further

Resolved, That we send a delegate to Washington to wait on the Committee on Ways and Means and submit to them a memorial emphasizing our opposition to any reduction in the existing tariff.

W. W. HALES, *President*.

WM. J. LUKASWITZ, *Secretary*.

MEMORIAL OF THE OHIO LEAF TOBACCO PACKERS' ASSOCIATION.

One of the main objects of our association, as plainly set forth in its constitution, is "to foster the industry of growing leaf tobacco in Ohio, and of taking cognizance of and action on all matters of general interest to the leaf-tobacco trade of Ohio."

While we are in no way empowered to represent either the farming or laboring interest of this industry, still as it is obvious that our interests in the matter are mutual, we trust we are doing what is right and proper in making our argument on the broad lines that what is good for them is good for us, and vice versa.

The average annual production of cigar-leaf tobacco in Ohio is about 30,000,000 pounds; the average yield per acre is 700 to 800 pounds. You can thus see that the approximate annual acreage is about 40,000. The average price paid to farmers for the last ten years is about 6½ cents per pound, and the average annual amount about \$2,000,000, which is \$50 per acre. Engaged in this industry there are also to be calculated about 5,000 laboring people, who derive their living almost entirely from working in the different departments of the business, buying, rehandling, resweating, and curing the raw leaf for the market. We may therefore add to the original amount as received by the farmer a cost of labor and expense that will make the annual product worth about \$3,500,000 to the producers exclusive of any profit the dealer may secure. The average cost to the farmer of raising this tobacco, counting his own work at fair farming wages and the interest on his investments and his taxes, is about the price that he receives. In other words, the farmer to-day is recompensed for his labor and his investment only by receiving fair farmer's wages for himself and those of his family who assist him in the production of his crop. It is an undisputed fact that there would not be as much tobacco raised as there is except for the reason that a large amount of the work, including stripping, can be done by them in the winter time, and thus they utilize what would otherwise be idle time. It is almost an impossible task to make an estimate of the amount that is invested in rehandling warehouses and the necessary adjuncts thereto.

In the counties of Montgomery, Warren, Preble, Darke, Miami, Clermont, and Wayne cigar leaf tobacco is one of the most important products of the soil. As to tobacco that is raised in other parts of Ohio, it is not cigar leaf tobacco and has no more to do with the question at issue than the cotton interests would have in the question of a tariff on silk. It is entirely a separate business. We mention this because the two interests are often confounded or else thought to be identical by those who are not conversant with the business. The growing of burley and dark tobaccos suitable for chewing and smoking purposes is an entirely different industry and not affected by the tariff on Habana tobacco.

Next we will call your attention to the fact that Ohio leaf tobacco comes second in quality and favor only to the Cuban imported filler, commonly called Habana. During the late Cuban war, when imports of Habana tobacco were largely reduced and the supply practically cut off, the Ohio tobacco interest experienced a boom and was probably more favorably affected than any other tobacco-growing section of the United States, although this section does not claim to be the only section in which a good filler can be and is successfully grown.

To-day the Habana filler is being heavily imported, in spite of the fact that it is paying a duty of 35 cents per pound. Even at this tariff, certain progressive manufacturers are using it in the manufacture of 5-cent cigars, and they are enabled at the price they are buying it at in Cuba to pay this present duty, put it in 5-cent cigars, and they must be making a little money, or they could not afford to do it. Now, the danger to the tobacco interests in Ohio lies in the following fact: If you reduce this duty materially below 35 cents per pound, you will at once enable not only the favored few manufacturers who are able to buy their tobacco at first hands to use Habana in the manufacture of 5-cent cigars, but you at once place this raw material within the reach of every cigar manufacturer in the United States to use for a filler in their 5-cent cigars. What will then be left for Ohio tobacco? Nothing but the manufacture of cheroots, tobies, and stogies, and an export demand from Europe, in which we must compete with such places as Brazil and other foreign countries.

It is true that now Cuba could not produce, or rather is not prepared to produce, all the tobacco that would be needed; but there are thousands of acres of uncultivated land in that fertile island that can and will be used for this purpose, and how many years do you think it will be before the Cuban rate of production would absolutely monopolize the entire output of 5-cent cigars in the United States? Who, indeed, of the uninformed public would not prefer to smoke a cigar made of Habana tobacco to one made of our domestic filler, even though the latter should be (which is often the case) of superior quality?

As merchants we have invested a large capital in plants and buildings. We would suffer not only the loss of our business, but the depreciation in the value of our realty. Montgomery County alone, which is one of the six principal counties interested, and all about the same size, contains over 260,000 acres of land, of which fully 200,000 can be estimated as farming districts. The values of land in this district will probably compare favorably with the value of any land in the United States. This value is much enhanced by the adaptability of the soil to the growing of tobacco. Take away the value that is produced or enhanced by reason of this fact and you will certainly depreciate the market and taxable value of these lands. These lands to-day are worth from \$50 to \$150 per acre, and therefore it is an easy matter to calculate the total value of the farming lands and the village realty that is largely dependent upon the industry. It would be in the neighborhood of \$100,000,000. If the depreciation in value was but a small per cent, you can readily see it would mean quite a large loss to many citizens.

We look to our Government to foster our industry in the future as it has in the past.

As patriotic citizens of the United States we admit that the Government may owe a duty to Cuba, but we certainly declare emphatically that its first duty is to its own children. The commercial depression from which Cuba is now suffering is not caused by the tariff that the United States now imposes on that much-favored luxury, Habana tobacco, but rather it is suffering from the cruel wounds of war, and time, and time alone, will heal them right, unless for some reason unknown to us it is found necessary to substitute for the empty purse that is now in the Cuban pockets a full purse out of the pockets of the farmers of the tobacco-producing sections of our country.

We address you thus, knowing that our argument is practically the argument of the entire cigar leaf tobacco filler producing and handling public of Ohio. We ask you not to mistake the cause for the effect. We must ask you before you decide to recommend the reduction of this duty, to consider and find out for yourself certain matters that certainly bear strongly on this question. Find out to your satisfaction the relative cost of production of tobacco in Cuba with the cost in Ohio. The relative yield per acre, and the relative market value of the products of each under present conditions. The relative return to the individual in comparison with the demands of the natural environments of each, remembering that in Cuba tobacco can be grown year after year on the same soil, while in Ohio we must have a succession of crops. We believe it to be a fact that if you would place our own thrifty, industrious, and landowning farmers that are now raising tobacco in Ohio on the tobacco lands of Cuba, under the existing tariff they would still be more prosperous than they are to-day on the farms of one of the most fertile valleys of the Temperate Zone.

Yes, place them there under the same conditions that now confront our neighbors in Cuba and we believe that they would win out in the end the same as our own people won out in the South, under very similar conditions, after the terrible commerce-destroying strife of the early sixties.

We are firmly of the opinion that the material reduction in the tariff on Habana tobacco would at no distant day practically result in a paralyzation and almost total discontinuance of the tobacco industry in our State.

We have confined our argument to the filler question, because it most concerns us. The wrapper question has an influence with us, but that influence is mostly a reflected influence. The interest of the domestic wrapper producers may in certain small points partially conflict with the filler interests, but these points are immaterial, compared with and weighed against the many points of interest that we have in common. We will leave them to make their own arguments, knowing that like us they are full-fledged American citizens and are as much entitled to your distinguished consideration as are we. Like us, they will probably not give up their present prosperity without a show of fight. We are not aware of any new influences that have arisen in the internal affairs of the nation, that make it necessary for Congress to sacrifice the welfare of so many of our citizens who are engaged in this industry. If the conditions do exist that make it necessary for us to become unwilling sacrifices, it will take many years, and much hardship before we can adapt ourselves to new circumstances.

W. W. HALES, *President.*

WM. J. LUKASWITZ, *Secretary.*

The following brief was presented by Mr. J. L. Friedman, of Chicago, Ill., on behalf of the Chicago Leaf Tobacco Merchants' Association (see p. 163):

The tobacco industry ranks second in the list of revenue producers of this Government, and hence we feel that requests that are made by this industry should be given a most careful consideration by the Gov-

ernment. That the question before us is one of vital importance to the tobacco industry is best proved by the fact that there is assembled here a committee of gentlemen from various sections of the country, representing the entire leaf-tobacco trade. We feel that an industry as great as the tobacco industry is entitled to the consideration of the legislators of this country, and that the opinion of those engaged in the leaf business should be sought and complied with in all matters pertaining to the trade, especially so when they are acting in unison, as on this particular question.

We believe that a reduction of duties on Cuban tobaccos and Cuban cigars would be a most unfortunate thing to the cigar leaf tobacco trade of the United States, including each and every branch of the same, namely, the grower, the packer, the jobber, the cigar manufacturer, and the cigar maker. The cigar-manufacturing industry of the United States, notwithstanding the many severe years the business world has known during the past ten years, has shown a most phenomenal increase. The manufacturer, the grower, the importer of tobacco are one and all satisfied with the present rate of duty, and believe that well enough should be left alone and that any disturbance in the tariff question at this time would create a condition of unrest that would thoroughly unsettle the tobacco business for some little time to come.

We believe it would be prejudicial to the interests of the cigar manufacturers of this country, inasmuch as it would invite the manufacturing industry to move to Cuba, and, secondly, because it would be a further invitation to the manufacturers of Cuba to increase their output at the expense of the manufacturers of this country. We fear the enactment of a tariff measure reducing the duties on cigars and tobaccos would result in an exodus of manufacturers from America and gradually produce as a grand climax the result that manufacturing of cigars would pass from the hands of the many to the hands of the few.

We believe it would be prejudicial to the interests of the grower and packer, inasmuch as the growers and packers of Cuba would naturally increase their acreage, as they would have a larger market and a greater demand for their goods, the natural result of which would be a decrease in the amount of tobacco raised in this country, or in the price of same, or both, as a decrease in the price of the Cuban product would naturally mean a far greater demand for this class of goods, thus displacing so much American-grown tobacco.

We believe it would be prejudicial to the interests of the jobbers, inasmuch as it would naturally curtail their business in domestic tobacco. The American farmers have never raised as much tobacco as at the present time, and the history of the business will show that they have never received as high a price per pound on an average as within the past few years, and it has only been within recent years that we have been able to demonstrate that the quality of the American product is rapidly approaching that of any country. The high protective duties that have kept out, to a large extent, foreign tobaccos have stimulated the growers and packers in this country to raise and handle their crops scientifically.

At a recent meeting of the Cabinet the honorable Secretary of Agriculture expressed himself as being jubilant over the remarkable success obtained by his Department in the State of Connecticut, and stated at this meeting that the experimental stage of wrapper raising had been passed and that he was convinced that the New England States

could produce a wrapper equal in all respects to the wrappers which we are now importing. The success of his experiments was such as to warrant him in furthermore stating that in the near future attention would be given to producing an improved filler grade of cigar leaf tobacco and that the States of Pennsylvania and Ohio and other States had been selected in which to make these further experiments. It is therefore evident that the quality of the American product is rapidly approaching that of other countries, and equally evident that if our markets are invaded by Habana tobaccos, as they would be under lower duties, further experiments will be discontinued or lose practical and commercial value.

The showing made of the shade-grown tobacco in the State of Connecticut under the Government supervision has been such that we are led to the belief that our country will soon be able to compete with the island of Sumatra in its product, and we furthermore believe that similar success will greet our attempts to compete with the Habana wrapper in the State of Florida.

A good filler and binder raised in this country for a medium-priced cigar has always been satisfactory to the consumer and has been a great profit to the grower, and, furthermore, a means of building up one of the greatest industries of this country. The quality of binders grown in this country is the finest in the world.

The cigar-manufacturing industry of the United States can properly be classified under four heads: The manufacturer of the Habana cigar, the seed and Habana cigar, the 5-cent cigar, and the cheroot and stogy. The manufacturer of the Habana cigar would find that instead of being benefited by a change in duties he would find a reduction most injurious to his business prospects. It has only been within recent years that this manufacturer has been able to show his ability to produce a cigar equal to that made in Habana. The admission of Habana cigars under lower duties would kill his business or cripple it beyond recognition, or force him to reduce the wages of his workmen to a minimum in order to meet competition.

The manufacturer of seed and Habana cigar would find an extremely hard row to hoe, as, in our opinion, the demand for this cigar would gradually die out, as the cheaper grades of Habana cigars would gradually exterminate them. The manufacturer of the 5-cent cigar, who now utilizes the finest grades of American-grown tobacco, would find himself compelled to use the cheaper grades of Habana tobacco as a filler, and the natural tendency would be that the product of the American grower would find its only market in the hands of the cheroot and stogy manufacturer, who, by virtue of the prices which they are obtaining for their goods, could not afford to pay anywhere near the figure that is now being demanded for these goods grown in this country, and which has become one of the greatest products of this country.

If the duties are reduced, it is safe to venture the assertion that the quality of American-grown tobaccos will gradually deteriorate, for it is reasoned that the farmer will not nor can not give it the same attention he previously did; that the packer will no longer exercise the great care in the handling of the goods nor the ingenuity in curing that has been so instrumental in bringing this product up to the high standard it now enjoys, or to that perfection to which it aspires.

We believe it would be prejudicial to the interests of the cigar

makers of this country, as the manufacturers would be compelled, in order to compete with the Cuban product, to reduce the cost of their labor to the lowest possible figure. The cigar maker who is now working on a high-grade cigar would find himself compelled to make a lower grade, hence earning less money than he does at the present time.

We believe that America is for the Americans and that American legislation should first, last, and all the time be for the citizens of America, and that any legislation reducing the duties on Cuban tobacco would be simply for the interests of the Cuban people and diametrically opposed to the interests of the American.

Therefore, in making these arguments we protest against any change in the tariff at this time, in behalf of the cigar maker working at the bench earning his weekly salary; the tobacco grower depending upon his yearly crops for the maintenance of himself and his family; in behalf of the cigar manufacturer, who has helped to make this industry one of America's greatest, and likewise in behalf of the leaf-tobacco dealers and importers, who through years of arduous labor have succeeded in building up an industry which is one that America can well be proud of.

The great Republican party has endeared itself to the thinking public of America because of its proud boast that "American industries would be fostered by it." We affirm the necessity of protecting this industry at this time is more essential than to assist our neighbors, the Cubans. We furthermore affirm that Cuba will show a healthier increase through the protection asked than if the American manufacturer and grower are dealt a blow equally disastrous to the American cigar manufacturer and the American grower of tobacco.

We ask, in conclusion, to consider our arguments most carefully, and believe that a careful consideration will justify you in complying with our request not to make any reduction whatever in the present rate of duty on tobacco and cigars imported from the island of Cuba.

RESOLUTIONS OF THE CINCINNATI CIGAR LEAF TOBACCO BOARD OF TRADE
AND CINCINNATI CIGAR MANUFACTURERS' ASSOCIATION.

At a joint meeting of packers of and dealers in leaf tobacco and manufacturers of cigars, held at the Burnet House January 18, 1902, the following was unanimously adopted:

Whereas there is now pending in the Congress measures tending to a reduction of the import duties on Cuban products, especially leaf tobacco and cigars; and

Whereas such contemplated action will adversely affect the interests and existence of the cigar-leaf growers, dealers, and cigar manufacturers, and all those engaged in the industry as workmen, employees, etc.: Therefore, be it

Resolved, That we unanimously and earnestly protest against any reduction whatever of the duties on Cuban tobacco and cigars, and for reasons as follows:

The cigar leaf tobacco interests of the United States are by right entitled to the protection and fostering care of our Government as against any and all demands of concessions in favor of any foreign nation.

Our industry has for the past forty years been a heavy revenue producer for the Government, and in the recent war, resulting in Cuban independence, it contributed its extra quota of taxes for that purpose.

As in other industries, we hold that only with the prosperity of the manufacturers can come corresponding prosperity of the tobacco growers and dealers, and that a reduction of the duties on Cuban tobacco and cigars is bound to seriously affect the interests of our domestic growers of tobacco and manufacturers of cigars.

We recognize that Cuba has the entire world for a market for its tobacco and cigars, and that even in the darkest days of Spanish oppression did Cuba ever fail to command for its cigars and tobacco higher prices than were obtainable for any similar products in the world.

It is well known that Cuba raises a large quantity of tobacco (fillers) that is not suitable for export to this country, as it will not stand the present filler duty, and if the contemplated reduction is enacted this tobacco will be unloaded on the United States. By reason of the present duty our growers and Ohio, as a notable instance, have been encouraged in, and have succeeded in producing a good quality of filler tobacco, which goes to make up the great bulk of 5-cent cigars, the standard cigar of the country, and the extra importation of Cuban tobacco as aforesaid will depreciate the value of domestic fillers and force our growers and dealers out of business.

We hold that the United States, in securing for the Cubans their freedom at the cost of millions of treasure and thousands of American lives, should not be expected to advance the material interests of Cuba at the expense of the interests of our own citizens, and that the demands of the Cubans for concessions do not declare what they will do for us in return, but only what we shall do for them. They want to increase the export of their tobacco and cigars to this country, but they are careful not to have us reciprocate by exporting our domestic cigars and tobacco to Cuba.

It is a well-known fact that Spain never permitted any tobacco or cigars from any other country or State to be imported into Cuba, and the Cubans will surely adhere to the same principle.

The contemplated cut in the duties on Cuban cigars is still more serious. It will not benefit in the slightest the smoker of our 5-cent cigars, but will simply play into the pockets of the wealthy classes, and correspondingly curtail the business of our manufacturers of better than 5-cent cigars—in fact, will drive the majority of them out of business.

We therefore pray that the duties on cigars and tobaccos imported from Cuba remain as they are at present.

M. KROHN,
JOHN OBERHELMAN,
HENRY NEWBURGH,
HENRY MEYER,
M. EISENBERG,

Committee of Cincinnati Cigar Leaf Tobacco Board of Trade.

MORRIS HAAS,
CHAS. K. DAVIS,

Committee of Cigar Manufacturers' Association of Cincinnati.

L. T. ANDERSON, Jr.,
Cincinnati.

RESOLUTION OF THE ELMIRA (N. Y.) LEAF TOBACCO BOARD OF TRADE.

ELMIRA, N. Y., *January 20, 1902.*

JOHN R. YOUNG,

President the National Cigar Leaf Tobacco Association:

The American farmers of the several tobacco-growing States are asked to submit to a material reduction in the present tariff rates on Cuban-grown tobacco in favor of the tobacco growers of the island of Cuba. The argument for Cuba used by the representatives and by those Americans who favor such reduction is that unless such reduction is made the people of Cuba engaged in growing tobacco can not longer continue their operations, because there is no profit in it to them. It is claimed that unless our Government takes immediate action to relieve that situation in Cuba we shall soon have to provide for their care.

Assuming that to be true, why ask our American farmers alone to care for those people, when the burden could so much easier be borne by the entire people?

Our organization here is composed exclusively of packers of cigar-leaf tobacco. The great percentage of dealers in American-grown tobacco do not come in contact with the farmers, as they purchase their business supplies of the packers, who are, by reason of their branch of the business, brought in direct contact with the farmers and know their condition.

The growing of the crops is by far the most hazardous end of the enterprise, of which there have been no more notable instances than the results of the last three years' crops. The 1899 and 1900 were materially hurt by drought, and the 1901 is damaged 20 per cent by grasshoppers and from 10 to 40 per cent by pole or shed burning. The great bulk of these three years' crops did not yield to the growers to exceed 6 cents per pound. Our farmers, as a class, are poor enough now, and we charge that it is a shame to ask them to support the tobacco growers of Cuba.

It might be claimed that, as packers, we are more fearful of the proposed reduction than the growers. The answer to that is simple. As packers we will not pay the growers more for their crops than our home and export markets warrant.

The growing of tobacco differs from producing by the manufacturer. Here the quality and quantity can be controlled, but there the product is at the mercy of the elements and insects, with little, and in some cases, no capital but their hands, and no possible opportunities to combine: Therefore, be it

Resolved, That the Elmira Leaf Tobacco Board of Trade does hereby make to Congress its strongest possible appeal that there be no reduction of the present rates of tariff on Cuban-grown tobacco.

Most respectfully submitted.

H. L. ARMSTRONG, *President.*
W. H. LOVELL, *Secretary.*

PETITION OF LOCAL UNION NO. 32, OF LOUISVILLE, KY., OF THE CIGAR MAKERS' INTERNATIONAL UNION OF AMERICA.

LOUISVILLE, Ky., *January 18, 1902.*

We, the executive committee of Local Union No. 32 of the Cigar Makers' International Union of America, by the authority vested in us by said union, and in the name of our local membership of 425 men,

do hereby protest against a reduction of the present tariff duties on Habana tobacco and cigars.

It is our belief that a reduction in said duties would necessarily bring about a cut in wages, besides throwing a great many men out of employment and work a great hardship on our families.

This committee is therefore ordered by the unanimous vote of said union to, and does hereby, urge upon the Senators and Representatives in Congress from this State and district to use their influence against any reduction or change in the present tariff laws as relates to Cuban tobacco and cigars.

Respectfully submitted.

B. J. SAND, *Treasurer*,
 L. J. KIEFFER, *President*,
 JNO. GURBEL, *Recording Secretary*,
Executive Committee of Local Union No. 32.
 HERMAN CHRISTEN,
General Secretary.

RESOLUTION OF CIGAR MANUFACTURERS OF LOUISVILLE, KY.

At a meeting held this day by the manufacturers of Louisville, Ky., it was unanimously

Resolved, That the proposed reduction of the tariff duty on tobacco and cigars imported from the island of Cuba would be most hurtful to the interests of the manufacturers of cigars, not alone of this city but of the entire country, and a sweeping change in the tariff, such as is advocated by the representatives of Cuba, would not only destroy the business of making cigars in this country of Habana tobacco, which business has grown to such vast proportions under the present tariff that the greater part of the tobacco grown on the island is now manufactured into cigars in the United States, but would prove very injurious also to the manufacturers of cigars from domestic leaf as well.

The Ways and Means Committee having granted a hearing to the representatives of the various interests to be affected by the proposed changes in the tariff, it is hereby

Resolved, That a committee be appointed to go to Washington and urge upon the Ways and Means Committee the danger to the cigar industry from the proposed reduction in the Cuban tariff, and this instrument, when signed by all the local manufacturers present, shall be authority to said committee to fully represent us.

Louisville, Ky., January 18, 1902.

C. C. BICKEL & Co.
 By J. K. STEWART, *Vice-President*.
 J. A. LANCASTER & Co.
 SUTTON-PATTERSON Co.
 NEAT-RICHARDSON DRUG Co., INCORPORATED.
 By A. E. NEAT, *President*.
 WEMPE BROS.
 WM. KOHLHEPP.
 E. RESCH & BROS.
 HETTERMAM BROS. Co.
 JOHN T. STIER & SON.
 BOBZIEN BROS.
 BAMET LINKER.
 JOS. SIMONS.
 W. A. WOLFF.

TELEGRAMS PRESENTED BY HON. CHARLES A. RUSSELL, OF CONNECTICUT.

[From the governor of Connecticut to Hon. C. A. Russell.]

SIMSBURG, CONN., *January 21, 1902.*

Hon. CHAS. A. RUSSELL,
Ways and Means Committee:

New England tobacco growers deeply interested in maintaining duty on imported wrappers; any material reduction will greatly injure this important industry in Connecticut.

GEO. P. McLEAN, *Governor.*

[Lewis Osterweis & Son, to Hon. N. D. Sperry of Connecticut.]

NEW HAVEN, CONN., *Jan. 19, 1902.*

Hon. N. D. SPERRY,
Washington, D. C.:

Fifty per cent reduction on imported cigars would destroy our business; cause great losses on New England tobacco, ruining our farmers; reduce the earnings of our employees, making disastrous labor trouble. Please show this to the other Connecticut Congressmen.

LEWIS OSTERWEIS & SON.

The letters referred to by Mr. Herbert Myrick, on pages 154 and 155, are as follows:

[From John S. Billings, 40 Lafayette Place, New York.]

HERBERT MYRICK, Esq., *Springfield, Mass.*

JANUARY 2, 1902.

DEAR SIR: Your letter of January 1, with inclosures, is received. I am one of the vice-presidents of the National Pure Food Society, having accepted the position in March, 1900, on the understanding that the object of this society was to prevent the adulteration of foods. I have certainly never authorized the use of my name in connection with such a petition as that to which you refer, and shall at once forward my resignation to the secretary of the society, as I do not wish to take part in matters of this kind.

[From H. W. Wiley, Chief of the Bureau of Chemistry.]

UNITED STATES DEPARTMENT OF AGRICULTURE,
Washington, D. C., December 23, 1901.

Mr. HERBERT MYRICK,
President and Editor, Orange Judd Company, Springfield, Mass.

DEAR MR. MYRICK: I need not say that I am unalterably opposed to the purpose set forth in the petition, namely, the protection of the sugar trust and the abandonment of the sugar industry to free competition with Cuba. The object of the petition has nothing, however, to do with the purposes of the National Pure Food Society, and it is highly improper to send it out under the auspices of that society. I have written Mr. Thurber a protest.

[From Chas. D. Woods, director State agricultural experiment station, Orono, Me.]

DECEMBER 28, 1901.

Mr. F. B. THURBER,
143 Chambers Street, New York, N. Y.

DEAR SIR: My attention has just been called to a letter sent out from what purported to be the National Pure Food Society with your name as president, and with

Mr. Hylton Swan as secretary, and my name, among others, as vice-president. Certainly I deem it an honor to have my name associated with such men as are placed thereon as vice-presidents, but I protest against my name being used in the name of the Pure Food Society in a matter which, so far as I can see, bears in no way upon the purity and freedom from adulteration of food. If a pure-food society is to be formed, I should be glad to be acquainted of the fact and will endeavor to be present at the meeting at which it is to be organized, for I am much interested in this subject. Until such a society is formed by actual convention, I forbid the use of my name upon the letter heads or in any other way. If it is desired, I have no objection to my name being used in connection with the calling of such convention. Because of our very pleasant personal relations it gives me great pain to feel obliged to write as I have above. It seems to me, with the information that I have, that you have taken a very unwarranted liberty in thus using my name and whatever influence I may have.

[From Ellen H. Richards.]

Boston, January 4, 1902.

MR. F. B. THURBER.

DEAR SIR: I protest against the use you have made of my name, which appears among a list of vice-presidents on a letter head of a National Pure Food Society, which sends out a petition relating to the question of duties on raw sugar. I do not consider that this is a matter which bears upon the purposes of the society, as I understood them, and for the furtherance of which I consented to the use of my name. If this is your interpretation of the size of the society, I must withdraw from all connection with it.

BRIEF OF CIGAR MANUFACTURERS' ASSOCIATIONS ON PROPOSED REDUCTION OF DUTIES ON IMPORTS FROM CUBA INTO THE UNITED STATES.

(See page 115.)

To the honorable Committee on Ways and Means of the House of Representatives:

We, the following-named cigar manufacturers' associations of the United States, to wit, the Cigar Manufacturers' Association of America, the Habana Cigar Manufacturers' Association of the United States, and the Cigar Manufacturers' Association of Western Pennsylvania, composed of the leading manufacturers of all grades of cigars, doing business in all sections of the United States, respectfully represent:

Ninety per cent of the cigar-manufacturing business transacted in the island of Cuba is controlled by two corporations, the larger of which is an English syndicate, which makes fully 60 per cent of the cigars manufactured in Cuba, and there is an American corporation which produces the larger part of the remaining 30 per cent. The prospects are that these two corporations will consolidate under one gigantic trust in the near future.

The present duty on cigars imported from Cuba is \$4.50 per pound and 25 per cent ad valorem. Take an average cigar that is sold in the city of Habana for \$30 per thousand, which will weigh about 12 pounds, and it will cost as follows to land in the ports of America, viz:

The cigar cost in Habana	\$30.00
Duty on same	54.00
Ad valorem	7.50
Freight and expenses (about)	2.00
Total cost.....	93.50

A cigar weighing 10 pounds made in Habana, costing \$22, would cost to land in American ports:

The cigar cost in Habana	\$22.00
Duty on same	45.00
Ad valorem	5.50
Freight and expenses	2.00
Total	74.50

thus plainly evidencing that the American cigar industry at these rates is only enjoying that absolutely necessary protection which has enabled it to exist and keep its market for 10-cent cigars. And there are cigars being manufactured in Habana at even a lesser rate than \$22 per thousand, which but accentuates the difficulty of the American product to successfully compete even under present protection in the market for 10-cent cigars. The average duty collected by the Government on leaf tobacco imported into this country from Cuba is 37½ cents per pound. The average duty collected by the Government on Cuban-made cigars weighing 10 or 12 pounds, respectively, including the ad valorem duty, is almost \$4.75 per pound, or, in other words, the duty on the manufactured product has been almost twelve and one-half times that on the raw material. Thus a horizontal reduction of duty would absolutely mean a positive, palpable discrimination of twelve and one-half times greater reduction against the cigar manufacturer. To make a just, equal reduction for every 12½ per cent reduction on the raw material a 1 per cent reduction only should be made on the manufactured product to maintain the parity and equity of any reduction.

And this protection, while seemingly large, has been none too great. Under it the industry of cigar making in this country became possible and has flourished and increased, as shown by the official internal-revenue returns.

For the last five years the cigar trade of the United States has developed as follows:

1897	4,063,169,009
1898	4,505,260,517
1899	4,529,872,304
1900	5,316,273,561
1901	5,770,934,369

These figures show an increase of 51½ per cent in five years. To manufacture this enormous production there were employed, directly and indirectly, upward of 500,000 people.

We wish to bring this point most strongly to your notice and wish to state most positively and emphatically that any reduction of the duty on imported cigars would destroy and annihilate the manufacturing of the better grades of cigars in the United States. It would naturally place the manufacturer in the position of being compelled to discontinue manufacturing the better grades of cigars entirely, and thus an enormous number of workmen would be left without the means of support. Furthermore, as all cigar manufacturers, more or less, produce some of the better grades of goods, they are enabled to gradually place their workmen in a position where they can earn better wages, for the reason that when a workman is sufficiently expert he is gradually promoted from making the cheaper grade of goods to making the better class of cigars, thereby increasing his daily wages. Therefore the reduction of the industry of manufacturing finer grades of cigars in this country would mean the taking away of the incentive of the

workman to endeavor to improve his work and his condition, as, if the cigar-manufacturing business of this country is confined to merely the production of the cheaper grades of cigars, there would be no employment for skilled labor, and this would surely and inevitably follow any change in the policy of the present necessary protection.

The cigar-manufacturing industry of this country has been built up entirely for the reason that the industry has been protected. Before this country had a protective tariff on cigars it was flooded with an enormous quantity of cheap cigars from German and other European markets, and for this reason the cigar-manufacturing business was very limited. The fine cigar business has been particularly improved and increased since the passage of the McKinley bill in 1890.

For example, the city of Tampa, formerly a mere sand bar, has now become a thriving city of over 30,000 inhabitants, with a weekly pay roll for labor in its cigar factories of over \$125,000, and which city and its industries are constantly increasing. This is but a type of the increase of this industry in all parts of the country.

Under the present existing conditions the American cigar industry is of necessity confined to its own local market. Cuba has had and now has the market of the entire world. The Cuban cigar manufacturer is unhampered and unrestrained by revenue regulations restricting the manufacture to licensed factories. The workman in Cuba can make the cheaper grade of cigars at home, utilizing the entire family labor.

How could the American manufacturer and his workman, having this limited market, compete with such labor and with a competitor having the whole world as a customer if the only protection and safeguard enjoyed by the American manufacturer and American workman is taken from them?

There has been no trade or business in the past ten years that has been subject to the changes and interferences like the cigar business, and all have been cheerfully borne. In 1890 the duty on Sumatra tobacco was increased from 35 cents per pound to \$2 per pound. This was reduced by the Wilson bill to \$1.50 per pound, and again increased by the Dingley bill to \$1.85 per pound. In addition to this, in 1898, at the time of the Spanish war, our internal-revenue tax was increased 60 cents per thousand. This burden was borne by the cigar manufacturers alone.

And besides all this, the American cigar industry has been compelled to submit to the governmental discrimination of the import stamp, which has been used in competition as a warranty of supposed superiority.

There is no nation in the world that has aided a foreign product at the expense of its domestic production as this Government is now asked to aid Cuba. And further than this, we have aided the agricultural interests of Cuba by placing an import duty of \$5 per pound on all foreign tobaccos entering Cuba, whereas under Spanish rule Porto Rico tobacco was admitted into Cuba free of duty.

The United States is asked to extend a helping hand to Cuba. We recognize the humane impulses which actuate those who desire to extend aid to the island and its natives, but this attack on a great American industry would, without really benefiting the Cubans, destroy the great American cigar industry and solely aid in the aggrandizement and benefit of the two corporations now operating and practically dominating the cigar output in Cuba.

The scheme of a horizontal percentage reduction was only clearly conceived by the said corporations to offer a plausible plan of what on the surface might appear to be a just and beneficent act on the part of the United States, and the question has never been directly applied to cigars in the public discussions of the question. They have always hidden it behind Cuban tobacco; but the scheme is transparent and we challenge the real authors of this scheme to dispute the plain truthful facts of the case. We assert that no real reduction is intended in respect to the raw material. The controlling corporations in Cuba want to capture the American cigar market. This is the truth, the whole truth, and nothing but the truth, and its successful accomplishment would mean the transfer of manufacture of the better grades of cigars from the United States to Cuba and the consequent destruction of that most important part of the American cigar industry.

Respectfully submitted.

THE CIGAR MANUFACTURERS' ASSOCIATION OF AMERICA,
By A. M. JENKINSON, *President*.

THE HABANA CIGAR MANUFACTURERS'
ASSOCIATION OF THE UNITED STATES,
By Y. PENDAS, *President*.

CIGAR MANUFACTURERS' ASSOCIATION
OF WESTERN PENNSYLVANIA,
By E. M. BRASH, *Vice-President*.

EXHIBIT C.

GERMAN SUGAR PRODUCTION AND THE CARTEL.

[From Consular Reports, January 14, 1902.]

(See page 310.)

The general feeling of uncertainty and anxiety about the future of the beet-sugar industry in Europe—some allusion to which was made in a report of this series, dated the 14th of October*—seems to grow more acute with the progress of the season's campaign.

The latest official estimate shows that, exclusive of Denmark, the sugar-growing countries of Europe will produce this year 5,928,150 tons of raw sugar, an increase of 262,850 tons over the already enormous product of last year. Of this vast output, Germany will, it is estimated, yield 2,073,100 tons, against 1,974,800 tons during the last preceding campaign.

On the 7th of December a high commercial authority estimated the visible supply of raw sugar now in the principal European markets at 1,640,813 tons, against 1,297,525 tons on the same date in 1900 and 1,249,772 tons in 1899. Adding to these the visible stock of raw sugars in the United States and Cuba on the 4th of December there is found to be in sight 1,825,921 tons, against 1,407,783 tons on the same date last year and 1,554,790 tons in 1899.

Under these conditions and in view of the growing production of sugar in the United States, Cuba, Porto Rico, and Hawaii, prices of raw sugar in the German market have sunk until the condition of the whole producing interest would be desperate were it not for the "car-

* Consular Reports, No. 256, January, 1902.

tel," or secret working combination between raw-sugar factories and refineries, by which high prices are maintained for all sugar consumed in Germany, the profits from which, added to the Government bounty paid on exports, enable the factories to pay a proportionately high rate for beets and at the same time sell their exported product in foreign markets at prices with which other nations find it difficult to compete, and which in effect give the German producer a commanding position in the world's sugar market.

The cartel, or syndicate of sugar producers and refiners, about which much speculation more or less inaccurate has been published recently in the English newspapers, was organized something more than a year ago and, according to a statement which appeared at that time, includes about 95 per cent of the sugar-producing interests in Germany. Its management is secret and somewhat difficult to study, except through the medium of results, but in general terms it may be stated that the cartel guarantees producers of raw sugar a certain minimum price and takes their entire product. Any difference between this minimum and a lower price which may rule in the world's markets is made up by the refiners. On the other hand, the raw-sugar producers guarantee to pay a fixed minimum price for beets, to produce no raw sugar for consumption in Germany, and to sell their raw sugar only to refineries belonging to the syndicate.

Among the results of this clever scheme two may be cited which will explain the present situation, viz: On the one hand, the factories are able to pay for beets about 75 cents per ton more than the general sugar market price outside of Germany would justify, and, on the other, refineries are able to control absolutely the price of sugar for consumption in Germany, and this they do so effectively that ordinary white lump sugar costs to-day at any grocery store in Berlin 30 to 35 pfennigs ($7\frac{1}{4}$ to $8\frac{1}{4}$ cents) per pound, or nearly three times what is charged for the same grade of German-made sugar in London, and this at a moment when Germany has just harvested the largest beet-sugar crop in her history and when industrial depression and diminished wages render high prices for any food material especially burdensome to the people.

So oppressive have become the exactions of the cartel, that the Associated German Chocolate Manufacturers took steps early in September this year to organize at Genthin, in Brandenburg, a scheme for the erection of a factory capable of working up daily 15,000 centners of beets, the product of which is to be used in their business. This break for independence by a union of heavy consumers of sugar has caused some agitation on the part of the cartel, whose organ warns the chocolate makers of the results of such insubordination; but, according to definite press reports, the latter have gone on making ten-year contracts for beets with the farmers of a large region, and will have their factory and refinery in readiness for the campaign of next year.

Meanwhile, several meetings have been held to discuss plans for reducing the area of beet culture and to consider what will be the effect on German sugar interests should the pending international conference at Brussels vote to abolish export bounties, a result which no one familiar with the situation expects to be realized any more than it was in 1898. France then refused to give up her bounty system, and, it is thought, will this year be sustained by Russia in opposing any serious change in existing laws.

Equally unpromising is the outlook for any important and system-

atic reduction in the area of beet culture next year. The simple fact is that under the management of the cartel farmers receive for their beets a price considerably higher than is justified by the value of sugar in the world's markets, and consequently sugar beets are about the only crop left to German farmers that is largely profitable. While they will meet and talk and adopt resolutions against overproduction, they are aware that any action which they may take to that end will be abortive for Germany unless France, Russia, and Austria-Hungary, to say nothing of Belgium, Holland, and Sweden, will join in the agreement, and this they have manifested no disposition to do. The public press reports are probably correct when they describe the proceedings at the meetings for reduction of area as showing that every beet farmer and factory manager seems anxious to persuade everyone else to restrict his area of beet culture for next year, but has no serious intention to do so himself.

Meanwhile the principal lesson which American sugar growers have left to study in this country is the intelligent utilization of the two principal waste products of beet-sugar manufacture—the spent pulp and the crude molasses—which latter contains usually from 40 to 50 per cent of sugar that can not be crystallized out on account of the potash salts which the crude sirup contains.

In the early years of German beet culture the utilization of these secondary products attracted relatively small attention. Agricultural science was busy with the task of improving the quality of the beet itself, increasing the percentage of saccharine elements in the pulp and augmenting the yield of beets per hectare. It was soon discovered that the spent pulp from the sugar factories was a most valuable food for cattle; that by drying, it could be preserved for use throughout the winter; and that by adding to the dried pulp the waste molasses, the feed was not only rendered more palatable for animals, but, being fed on the farm, the potash of the sirup was retained on the premises and restored to the land in the form of stable leachings and manure.

For a number of years waste beet molasses in this country was either exported to France or Spain or was used here as a raw material for the manufacture of alcohol, the potash salts being in that case recovered and restored to the land as a separate chemical fertilizer. But the internal-revenue laws of Germany are so shaped as to favor the production of alcohol on a large scale and at a small cost from potatoes, so that the spirit manufacture from beet molasses was gradually abandoned and the waste sirup used for feed. Germany is a country with limited grazing facilities; vast quantities of corn are imported as food for animals, and every kind of nutriment for cattle, horses, or swine is costly, when compared with the prices of similar materials in the United States. For this reason, principally, the home production of meat in this country is, and will probably remain, far behind the needs of the people. Spent beet pulp enriched with waste molasses helped, therefore, to meet a pressing want, and the crude sirup is now worth for this purpose 4.75 to 4.80 marks (\$1.13 to \$1.14) per 100 kilograms (220 pounds) in carload lots.

That similar conditions will obtain in the United States, where pasture, hay, corn, and all forms of food for animals are abundant and cheap, is hardly probable. But the beet-sugar producers in our country should start out with the idea that nothing that comes from the land should be wasted or prevented from sooner or later returning to it. It may be long before the rich virgin soil of American

beet farms will be reduced to the condition of the worn fields of Europe, where the strictest balance must be maintained between the chemical elements harvested in a crop and returned to it by skillful rotation of cultures and scientific fertilization. But our country has as yet no native potash minerals, and if our growing beet-sugar industry is to make the most of its advantages and opportunities, it cannot afford to neglect the scientific methods which have been found most effective in Europe in conserving to the utmost practical degree the strength and vitality of the soil.

FRANK H. MASON,
Consul-General.

BERLIN, *December 17, 1901.*

EXHIBIT D.

The following tables accompany Special Agent Saylor's statement, (page 520):

TABLE I.—STATISTICS OF GROWTH OF BEET-SUGAR INDUSTRY.

(See page 525.)

We have referred to the last census period as showing the rapid growth of this industry in this country, it having 31 factories. Since that time 11 other factories have been put in operation, located at the following places, with the daily capacity designated: Lyons, N. Y., 600 tons; Rocky Ford, Colo., 1,000 tons; Sugar City, Colo., 500 tons; Bingham Junction, Utah, 350 tons; Provo, Utah, 350 tons; Lansing, Mich., 600 tons; Saginaw, Mich., 600 tons; Loveland, Colo., 1,000 tons; Menomonee Falls, Wis., 500 tons; Salzbury, Mich., 400 tons; Logan, Utah, 400 tons.

The following places are building factories, or have all the details settled for building factories, for the crop of 1902: Sebewaing, Mich., 600 tons; Carrollton, Mich., 600 tons; Shelby, Ind., 500 tons; Mount Clements, Mich., 600 tons; Greeley, Colo., 800 tons; Eaton, Colo., 500 tons; Fort Collins, Colo., 500 tons; Croswell, Mich., 600 tons.

Below we give a list of beet-sugar projects that are contemplated for the places named, having a daily capacity named. We also set opposite the amount of capital that would be required to equip and construct such factories.

This list of projects are in different stages of organization and capitalization, consisting of concerns fully organized and capitalized down to concerns where conditions have been thoroughly canvassed, understood, and appreciated, and where organization and capitalization seem imminent.

All of these projects we consider strong possibilities in the near future, provided questions affecting the beet-sugar enterprise are settled. There are many others for which we have not the data.

The list, giving first the State, the town, the daily capacity, and the cost of construction and equipment is as follows:

Name of town.	Daily capacity.	Cost of construction and equipment.	Name of town.	Daily capacity.	Cost of construction and equipment.
ARIZONA.			MINNESOTA.		
Phoenix.....	1,000	\$1,000,000	Kenmark.....	500	\$500,000
Glendale.....	500	500,000	Little Falls.....	400	400,000
CALIFORNIA.			New Braig.....	500	500,000
Hemet.....	500	500,000	Winona.....	500	500,000
Hueneme.....	500	500,000	Crookston.....	500	500,000
Anderson.....	1,000	1,000,000	MONTANA.		
Tehama.....	500	500,000	Hamilton.....	500	500,000
Los Angeles.....	1,000	1,000,000	NEW YORK.		
COLORADO.			Wellsville.....	500	500,000
Fowler.....	500	500,000	Rochester.....	1,000	1,000,000
Denver.....	500	500,000	NEW JERSEY.		
Fort Collins.....	1,000	1,000,000	Mount Morris.....	500	500,000
Arveda.....	500	500,000	NORTH DAKOTA.		
Prowers County.....	1,000	1,000,000	Oaks.....	500	500,000
Longmont.....	1,000	1,000,000	Fargo.....	500	500,000
Amity.....	500	500,000	OHIO.		
INDIANA.			Toledo.....	500	500,000
Shelby.....	1,000	1,000,000	Sandusky.....	500	500,000
IOWA.			Norwalk.....	350	350,000
Mason City.....	500	500,000	OREGON.		
Sioux City (Syrup factory).....	100,000	100,000	Portland.....	500	500,000
Missouri Valley.....	1,000	1,000,000	PENNSYLVANIA.		
Toledo.....	500	500,000	Shawmut.....	500	500,000
Storm Lake.....	500	500,000	SOUTH DAKOTA.		
Fort Dodge.....	500	500,000	Aberdeen.....	500	500,000
IDAHO.			Kimball.....	500	500,000
American Falls.....	500	500,000	UTAH.		
MICHIGAN.			Uinta.....	1,000	1,000,000
Port Huron.....	500	500,000	Bear River Valley.....	1,000	1,000,000
Chippewa County.....	500	500,000	Gunnison.....	500	500,000
Racine.....	500	500,000	WISCONSIN.		
Grand Rapids.....	800	800,000	Sheboygan.....	350	350,000
Lapeer.....	500	500,000	Racine (4 plants).....	*500	2,000,000
Port Austin.....	500	500,000	Oconomowoc.....	500	500,000
Green Bay.....	500	500,000	Waupaca.....	500	500,000
Dundee.....	750	750,000	Watertown.....	500	500,000
Caseville.....	650	650,000	Stevens Point.....	500	500,000
Monroe.....	600	600,000	Beaverdam.....	500	500,000
Saginaw.....	500	500,000	Burlington.....	500	500,000
Owosso.....	500	500,000	Franksville.....	500	500,000
Chesaning.....	500	500,000	Kaukauna.....	500	500,000
Grand Rapids.....	350	350,000	WYOMING.		
Croswell.....	700	700,000	Wheatland.....	500	500,000
Monroe.....	800	800,000	Cheyenne.....	1,000	1,000,000
Howell.....	500	500,000	Total.....		49,000,000
Fowlerville.....	500	500,000			
Cass City.....	500	500,000			
Mount Pleasant.....	500	500,000			
Omer.....	500	500,000			
St. Louis.....	500	500,000			
Mason.....	500	500,000			
Pinconning.....	500	500,000			
Charlevoix.....	350	350,000			
Pontiac.....	500	500,000			
Ann Arbor.....	400	400,000			
St. Johns.....	500	500,000			

* Each.

The above is a partial list that we have picked up incidentally, but is authentic so far as it goes; and to install these factories it will require an investment of \$49,000,000. They would require annually a working capital, in addition, of \$9,080,000, would purchase from the farmers annually, beets to the amount of \$14,700,000, besides a great many other crude materials, and would employ a large number of laborers.

The following States have already entered the list as beet-sugar producers at the places named, having a capacity as given:

Beet-sugar factories of the United States.

Name.	Location.	Daily capacity.
MICHIGAN.		
		<i>Tons.</i>
Michigan Sugar Co.....	Bay City.....	500
Bay City Sugar Co.....	do.....	600
Detroit Sugar Co.....	Rochester.....	500
Wolverine Sugar Co.....	Benton Harbor.....	350
Peninsular Sugar Refining Co.....	Caro.....	600
West Bay City Sugar Co.....	West Bay City.....	750
Alma Sugar Co.....	Alma.....	600
Holland Sugar Co.....	Holland.....	350
Kalamazoo Sugar Co.....	Kalamazoo.....	500
Marine Sugar Co.....	Marine City.....	350
Lansing Sugar Co.....	Lansing.....	600
Saginaw Sugar Co.....	Saginaw.....	600
Ferman-American Cooperative Beet Sugar Co.....	Salzburg.....	400
Sebewaing Sugar Co.....	Sebewaing.....	600
Valley Sugar Co.....	Carrollton.....	600
Macomb Sugar Co.....	Mount Clements.....	600
NEW YORK.		
Binghamton Beet Sugar Co.....	Binghamton.....	600
Empire State Sugar Co.....	Lyons.....	600
COLORADO.		
American Beet Sugar Co.....	Rockyford.....	1,000
Colorado Sugar Manufacturing Co.....	Grand Junction.....	350
National Sugar Manufacturing Co.....	Sugar City.....	500
Western Construction Co.....	Loveland.....	1,000
Greeley Sugar Co.....	Greeley.....	800
UTAH.		
Ogden Sugar Co.....	Ogden.....	350
Utah Sugar Co.....	Lehi.....	350
Utah Sugar Co. (rasping station).....	Springville.....	350
Do.....	Bingham Junction.....	350
Do.....	Provo.....	350
Logan Sugar Co.....	Logan.....	400
NEBRASKA.		
American Beet Sugar Co.....	Grand Island.....	350
Do.....	Norfolk.....	350
Standard Beet Sugar Co.....	Leavitt.....	500
CALIFORNIA.		
Alameda Sugar Co.....	Alvarado.....	800
Spreckels Sugar Co.....	Watsonville.....	1,000
Los Alamitos Sugar Co.....	Los Alamitos.....	700
American Beet Sugar Co.....	Chino.....	1,000
California Beet Sugar and Refining Co.....	Crockett.....	1,200
Spreckels Sugar Co.....	Spreckels.....	8,000
American Beet Sugar Co.....	Oxnard.....	2,000
Union Sugar Co.....	Bettleravia.....	500
OTHER STATES.		
Minnesota Sugar Co.....	St. Louis Park, Minn.....	350
Illinois Sugar Refining Co.....	Pekin, Ill.....	700
Continental Sugar Co.....	Fremont, Ohio.....	350
Central Sugar Co.....	Shelby, Ind.....	500
Wisconsin Sugar Co.....	Menominee Falls, Wis.....	500
Pecos Valley Beet Sugar Co.....	Carlsbad, N. Mex.....	200

TABLE 2.—EFFECT OF THE INDUSTRY ON CAPITAL, LABOR, AND PRODUCTS.

The total consumption of sugar in the United States last year was 2,219,847 tons, and based on the average increase of 6.34 per cent during the past nineteen years, the consumption for the present year should be Tons. 2,360,585

To meet our annual requirements we must import to the United States proper the balance of this amount that we do not manufacture. Our home production is as follows:

	Tons.
Cane sugar of the South	300,000
Beet sugar of the North and West	150,000
	<hr/> 450,000

Balance imported 1,910,585

Our requirements from the outside for 1902 will be practically 2,000,000

Of this amount from our insular possessions, free of duty, we receive:

From Porto Rico (about)	100,000
From Hawaii (about)	300,000
	<hr/> 400,000

We must secure from strictly foreign sources, duty paid 1,600,000

It is the ambition of those encouraging the beet-sugar industry to establish factories enough at least to furnish this foreign supply.

Taking into account a fair estimate for the annual average shortage throughout the United States for actual productions, as compared with full capacity under ideal conditions, it will require 500 factories having a daily capacity of 500 tons of beets to produce this foreign sugar. In order to equip and build these factories, it will require an investment of capital of \$250,000,000.

This vast sum of money must be expended in our country for building materials and machinery and in the employment of labor necessary to construct and equip them. These factories will require annually 18,750,000 tons of beets and pay to the farmers for same \$75,000,000. There would be required 2,625,000 tons of coal, for which coal merchants would receive \$7,875,000; also lime rock, 1,500,000 tons, worth \$3,000,000. In addition to these vast sums of money would be paid out to our people for coke, mill supplies, transportation, labor, etc. As a working capital to operate these factories it would require the employment of about \$130,000,000 for the campaign of four months. This is equal to the employment of nearly \$45,000,000 for one year.

We should consider further that we already have invested interests in addition to the above estimates, drawn into the beet-sugar industry through our present favorable trade and economic conditions, as follows:

Invested capital in factories, equipment, and grounds.....	\$30,000,000
Annual amount of beets purchased.....tons..	1,875,000
Annual cash paid for beets purchased.....	\$7,500,000
Annual coal consumed.....tons..	262,500
Annual cash paid for coal.....	\$787,500
Annual lime rock purchased.....tons..	150,000
Annual cash paid for lime rock.....	\$300,000
Annual operating capital employed (per annum)	\$5,000,000

Also a considerable amount annually expended for various other sundry articles, as crude material and for labor, etc. It hardly seems

possible that an industry that affects so many people over such a wide scope of our country can fail to receive anything but the most friendly, careful, and fostering consideration on the part of those who shape our industrial affairs.

TABLE 3.—ANALYTICAL DATA, GIVING ELEMENTS AND ITEMS OF COST OF SIMPLY REFINING IMPORTED RAW SUGAR AS COMPARED WITH THE ELEMENTS AND ITEMS OF COST OF MANUFACTURING AND REFINING BEET SUGAR, BASED ON THE RAW PRODUCT (100 POUNDS).

TABLE A.

(A) ELEMENTS, WITH COST AND PER CENT OF COST OF REFINING THE IMPORTED RAW PRODUCT (100 POUNDS).

	Cost.	Per cent.
Raw product.....	\$2.40	51
Waste sugar.....	.28	6
Refining.....	.85	7.4
Tariff.....	1.68	38.6
	4.71	100.00

Cost of refining, \$0.63.

Cost of refining, 13.4 per cent.

TABLE B.

(B) ELEMENTS, WITH COST AND PER CENT OF COST OF MANUFACTURING AND REFINING BEET SUGAR (100 POUNDS).

For beets.....	\$1.428	62.7
For manufacturing.....	.60	26.33
For refining.....	.25	11.00
	2.278	100.08

EXPLANATIONS.

(A) Data for Table A secured as follows:

No. 1. "Raw product, \$2.40," is the average price of raw sugar, as per Treasury statistics for the last fiscal year.

No. 2. "Waste sugar" is the value of the wastes in refining 100 pounds of sugar.

No. 3. "Refining" is the actual cost of refining aside from the above item.

No. 4. The values for 2 and 3 were taken from the testimony of the refiners of this country before the Industrial Commission. (See extract from Report below.)

No. 5. "Tariff" in Table A is the regular charge on raw sugar imported of this class.

(B) Data for Table B secured as follows:

No. 1. "For beets, \$1.428" is secured, as all these items are, from the German statistics, compiled from their average production. We have no reliable data for our own production of sugar from beets. These items of cost will be somewhat lower than our own, but their relative value of cost, based on the per cent, will conform very largely to our own when our cost of production becomes more staple.

DEDUCTIONS AS TO REFINED PRODUCT.

No. 1. "Raw product, \$2.40," is an element of cost acquired by foreign labor and machinery and crude materials.

No. 2. "Waste sugar, \$0.28," is simply a loss from which nobody derives any benefit.

No. 3. "Refining" is the one item in which home labor, crude products, capital participate, which in itself is 7.4 per cent of the cost of the refiner's product, or, added to the item above, No. 2, making a cost of 13.4 per cent.

DEDUCTIONS AS TO BEET-SUGAR PRODUCT AT HOME.

No. 1. "For beets, 62.7 per cent," is the cost in the manufacture of sugar from beets that goes to the farmer for his products and rents, to the laborer on the farm, to the implement dealer, seed producer, etc.

No. 2. "Manufacturing, 26.33 per cent," is the amount that goes to the manufacture, and for labor in the factory, and for fuel, and for other crude products.

No. 3. "Refining, 11 per cent," is an additional item that goes to the same sources as the item above.

[Extract from Industrial Commission: Digest of evidence. Report of 1900. Vol. 1, p. 66.]

(See "explanations" above.)

The following estimate was prepared by the general manager of the National Sugar Refining Company. This shows that the cost of refining, including the revenue tax of 4.788 cents per 100 pounds, amounts to about 35 cents, while the loss of weight in refining amounts to 23 cents; total, 63 cents, as the necessary margin. The cost has not substantially changed within five years. Large refineries, such as those of Havemeyer & Elder, with 12,000 barrels capacity, and Spreckels, with 8,000, could probably produce at from 3 to 5 cents less. (150-151.)

Centrifugal sugars contain of—

Pure sugar, about.....	per cent..	96
Impurities, about.....	do.....	3
Water, about.....	do.....	1

The loss in refining is about, of sugar.....	do.....	100
Leaving of pure sugar available.....	do.....	1
Of this we get of—		95
Granulated and yellow sugars, equal to.....	pounds..	92½
Sirup.....	do.....	2½
The sugar* is combined with an equal weight of impurities, making about,		
pounds.....		5

Taking value of granulated sugar at 5.375 cents gross, or 5.08 cents net, and sirup at 2 cents per pound, we have equal to—

92½ pounds granulated, at 5.08 cents.....	\$4.699
2½ pounds sugar in sirup, at 4 cents.....	.10

	4.799
Less.....	.348
	4.451

Expenses to be deducted:

Brokerage, about ½ per cent.....	}	0.04799
Government revenue tax, ¼ per cent.....		
Office expenses, ¼ per cent.....		
Packages.....	}	.20
Wages, fuel, boneblack.....		
Repairs and sundries.....		
		.348
Granulated, say.....		5.08
Results.....		4.45

Cost, say.....	.63
----------------	-----

* Sugar in sirup.

TABLE 4.—PROFITS TO CUBA ON THEIR SUGARS SOLD IN OUR MARKET FOR YEAR 1901.

Total market value taken from weekly sales of Cuban sugars, including tariff and cost.....	\$47,989,903
Deducting tariff.....	\$19,576,266
Deducting shipping.....	1,162,152
	<u>20,738,418</u>
Net selling price of Cuba sugars.....	27,251,485
Total amount of sugar sold in our markets for the year 1901.. pounds..	<u>1,162,152,320</u>
Total cost of production in Cuba:	
At 1 cent a pound.....	11,621,523
At 1½ cents a pound.....	17,432,284
At 1¾ cents a pound.....	20,337,664
At 2 cents a pound.....	23,243,046
Profit on Cuban sugars at these various costs of production:	
At 1½ cents per pound:	
Total net selling price of Cuban sugars.....	\$27,251,485
Total cost of production, at 1½ cents per pound.....	17,432,284
Net profit.....	9,819,201
Net per cent of profit..... per cent..	56
At 1¾ cents per pound:	
Total net selling price of Cuban sugars.....	27,251,485
Total cost of production at 1¾ cents per pound.....	20,337,664
Net profit.....	6,913,821
Net per cent of profit..... per cent..	34
At 2 cents per pound:	
Total net selling price of Cuban sugars.....	27,251,485
Total cost of production at 2 cents per pound.....	23,243,046
Net profit.....	4,800,439
Net per cent of profit..... per cent..	17+

TABLE 5.—IMPORTS OF SUGAR INTO THE UNITED STATES FROM CUBA.

Years ended June 30—	Quantity.		Value.	Import price per pound.
	Pounds.	Tons.		Cents.
1891.....	1,430,566,475	638,646	\$45,039,513	3.1
1892.....	1,983,540,022	885,509	60,838,765	3.1
1893.....	1,843,652,258	823,059	60,637,670	3.3
1894.....	2,127,502,319	949,778	63,147,745	3
1895.....	1,845,763,398	824,002	40,100,204	2.2
1896.....	1,093,171,312	488,023	24,102,835	2.2
1897.....	577,790,173	257,942	11,962,473	2.1
1898.....	440,225,111	196,529	9,828,607	2.2
1899.....	663,543,657	296,225	16,412,088	2.5
1900.....	705,456,230	314,936	18,243,644	2.6
1901.....	1,099,404,362	490,806	26,373,690	2.4

TABLE 6.—AVERAGE IMPORT PRICE PER POUND OF SUGAR IMPORTED INTO THE UNITED STATES.

Years ended June 30—	Sugar not above No. 16 Dutch standard.						Sugar above No. 16 Dutch standard.
	Beet.	Cane and other.				Total not above No. 16.	
		From Hawaii.	From Porto Rico.	From Cuba.	From other countries.		
	Cents.	Cents.	Cents.	Cents.	Cents.	Cents.	Cents.
1891.....	2.8	4.2	3	3.1	2.7	3	3.5
1892.....	2.8	2.8	2.9	3.1	2.7	2.9	3.5
1893.....	2.9	2.9	3.2	3.3	2.8	3.1	3.5
1894.....	3.1	2.9	3.2	3	2.7	2.9	3.5
1895.....	2	2.7	1.8	2.2	1.9	2.1	2.5
1896.....	2.3	3.2	2.1	2.2	2.1	2.3	2.9
1897.....	1.8	3.1	1.6	2.1	1.9	2	2.5
1898.....	1.9	3.3	1.9	2.2	1.9	2.2	2.4
1899.....	2.1	3.7	2.3	2.5	2.1	2.4	2.7
1900.....	2.1	4	3.4	2.6	2.2	2.5	3.4
1901.....	2.2	3.9	3.4	2.4	2.2	2.5	2.7

These prices represent the wholesale market prices at the port of shipment and do not include the import duty levied in this country.

TABLE 7.—QUANTITY, VALUE, AND AVERAGE EXPORT PRICE OF SUGAR EXPORTED FROM CUBA.

Years ended June 30—	To United States.				To other countries.	
	Quantities.		Value.	Export price.	Quantities.	
	<i>Pounds.</i>	<i>Tons.</i>		<i>Cents per pound.</i>	<i>Pounds.</i>	<i>Tons.</i>
1899 *.....	584,223,263	260,317	\$15,317,583	2.6	68,237	30
1900.....	691,655,337	308,788	17,955,592	2.6	175,799	79
1901.....	1,120,915,937	500,409	27,068,643	2.4	163,354	73

Years ended June 30—	To other countries.		Total.			
	Value.	Export price.	Quantities.		Value.	Export price.
		<i>Cents per pound.</i>	<i>Pounds.</i>	<i>Tons.</i>		<i>Cents per pound.</i>
1899 *.....	\$1,735	2.5	584,237,490	260,347	\$15,319,323	2.6
1900.....	7,099	4.0	691,851,116	308,867	17,962,691	2.6
1901.....	5,370	3.3	1,121,079,791	500,482	27,064,013	2.4

* Six months only, January-June.

TABLE 8.—WEEKLY RECEIPTS AND MARKET VALUE OF CUBAN SUGAR AT UNITED STATES PORTS* IN 1901.

Weeks ended—	Receipts.	Average price per pound.	Value.
1901.	Tons.	Cents.	
January 3.....	28	44	\$2,744
January 10.....	2,704	44	264,992
January 17.....	2,529	44	247,842
January 24.....	11,648	44	1,108,890
January 31.....	8,428	44	802,346
February 7.....	24,507	44	2,333,066
February 14.....	3,414	44	325,013
February 21.....	15,041	44	1,421,375
February 28.....	22,895	44	2,147,551
March 7.....	16,850	44	1,533,350
March 14.....	24,179	44	2,166,438
March 21.....	16,329	44	1,474,509
March 28.....	26,631	44	2,404,779
April 4.....	8,743	44	785,613
April 11.....	22,767	44	2,086,817
April 18.....	749	44	70,256
April 25.....	26,890	44	2,522,282
May 2.....	18,018	44	1,714,838
May 9.....	33,217	44	3,185,510
May 16.....	18,922	44	1,814,620
May 23.....	16,670	44	1,598,653
May 30.....	11,542	44	1,098,798
June 6.....	11,465	44	1,091,468
June 13.....	15,551	44	1,480,455
June 20.....	19,589	44	1,864,873
June 27.....	9,450	44	893,025
July 3.....	14,985	44	1,416,083
July 11.....	12,972	44	1,216,774
July 18.....	17,271	44	1,607,930
July 25.....	8,410	44	819,858
August 1.....	3,694	44	343,911
August 8.....	4,168	44	385,123
August 15.....	5,293	44	474,253
August 22.....	9,246	44	828,442
August 29.....	6,025	44	514,535
September 5.....	81	84	6,804
September 12.....	2,417	84	203,028
September 20.....	2,029	84	170,436
September 26.....	86	84	7,224
October 3.....	.....	84	.....
October 10.....	172	84	14,448
October 17.....	1,193	84	100,212
October 24.....	1,148	84	97,612
October 31.....	4,256	84	363,462
November 7.....	2,410	84	202,440
November 14.....	7,770	84	647,241
November 21.....	2,993	84	247,222
November 29.....	4,863	84	408,912
December 5.....	730	84	61,320
December 12.....	8,103	84	680,652
December 19.....	7,444	84	625,296
December 26.....	3,372	84	276,167
December 31.....	3,946	84	320,415
Total.....	518,818	.....	47,889,903

*New York, Boston, Philadelphia, and Baltimore.

*Quotation of January 2, 1902.

Name of town.	Daily capacity.	Cost of construction and equipment.	Name of town.	Daily capacity.	Cost of construction and equipment.
ARIZONA.			MINNESOTA.		
Phoenix.....	1,000	\$1,000,000	Kenmark.....	500	\$500,000
Glendale.....	500	500,000	Little Falls.....	400	400,000
CALIFORNIA.			New Bralg.....	500	500,000
Hemet.....	500	500,000	Winona.....	500	500,000
Hueneme.....	500	500,000	Crookston.....	500	500,000
Anderson.....	1,000	1,000,000	MONTANA.		
Tehama.....	500	500,000	Hamilton.....	500	500,000
Los Angeles.....	1,000	1,000,000	NEW YORK.		
COLORADO.			Wellsville.....	500	500,000
Fowler.....	500	500,000	Rochester.....	1,000	1,000,000
Denver.....	500	500,000	NEW JERSEY.		
Fort Collins.....	1,000	1,000,000	Mount Morris.....	500	500,000
Arveda.....	500	500,000	NORTH DAKOTA.		
Prowers County.....	1,000	1,000,000	Oaks.....	500	500,000
Longmont.....	1,000	1,000,000	Fargo.....	500	500,000
Amity.....	500	500,000	OHIO.		
INDIANA.			Toledo.....	500	500,000
Shelby.....	1,000	1,000,000	Sandusky.....	500	500,000
IOWA.			Norwalk.....	350	350,000
Mason City.....	500	500,000	OREGON.		
Sioux City (Mrup factory).....	500	100,000	Portland.....	500	500,000
Missouri Valley.....	1,000	1,000,000	PENNSYLVANIA.		
Toledo.....	500	500,000	Shawmut.....	500	500,000
Storm Lake.....	500	500,000	SOUTH DAKOTA.		
Fort Dodge.....	500	500,000	Aberdeen.....	500	500,000
IDAHO.			Kimball.....	500	500,000
American Falls.....	500	500,000	UTAH.		
MICHIGAN.			Uinta.....	1,000	1,000,000
Port Huron.....	500	500,000	Bear River Valley.....	1,000	1,000,000
Chippewa County.....	500	500,000	Gunnison.....	500	500,000
Racine.....	500	500,000	WISCONSIN.		
Grand Rapids.....	800	800,000	Sheboygan.....	350	350,000
Lapeer.....	500	500,000	Racine (4 plants).....	*500	2,000,000
Port Austin.....	500	500,000	Oconomowoc.....	500	500,000
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Dundee.....	750	750,000	Watertown.....	500	500,000
Caseville.....	650	650,000	Stevens Point.....	500	500,000
Monroe.....	600	600,000	Beaverdam.....	500	500,000
Saginaw.....	500	500,000	Burlington.....	500	500,000
Owosso.....	500	500,000	Franksville.....	500	500,000
Chesaning.....	500	500,000	Kaukauna.....	500	500,000
Grand Rapids.....	350	350,000	WYOMING.		
Croswell.....	700	700,000	Wheatland.....	500	500,000
Monroe.....	800	800,000	Cheyenne.....	1,000	1,000,000
Howell.....	500	500,000	Total.....		49,000,000
Fowlerville.....	500	500,000			
Cass City.....	500	500,000			
Mount Pleasant.....	500	500,000			
Omer.....	500	500,000			
St. Louis.....	500	500,000			
Mason.....	500	500,000			
Pinconning.....	500	500,000			
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Kalamazoo Sugar Co.....	Kalamazoo.....	500
Marine Sugar Co.....	Marine City.....	350
Lansing Sugar Co.....	Lansing.....	600
Saginaw Sugar Co.....	Saginaw.....	600
German-American Cooperative Beet Sugar Co.....	Salzburg.....	400
Sebewaing Sugar Co.....	Sebewaing.....	600
Valley Sugar Co.....	Carrollton.....	600
Macomb Sugar Co.....	Mount Clements.....	600
NEW YORK.		
Binghamton Beet Sugar Co.....	Binghamton.....	600
Empire State Sugar Co.....	Lyons.....	600
COLORADO.		
American Beet Sugar Co.....	Rockyford.....	1,000
Colorado Sugar Manufacturing Co.....	Grand Junction.....	350
National Sugar Manufacturing Co.....	Sugar City.....	500
Western Construction Co.....	Loveland.....	1,000
Greeley Sugar Co.....	Greeley.....	800
UTAH.		
Ogden Sugar Co.....	Ogden.....	350
Utah Sugar Co.....	Lehi.....	350
Utah Sugar Co. (rasping station).....	Springville.....	350
Do.....	Bingham Junction.....	350
Do.....	Provo.....	350
Logan Sugar Co.....	Logan.....	400
NEBRASKA.		
American Beet Sugar Co.....	Grand Island.....	350
Do.....	Norfolk.....	350
Standard Beet Sugar Co.....	Leavitt.....	500
CALIFORNIA.		
Alameda Sugar Co.....	Alvarado.....	800
Spreckels Sugar Co.....	Watsonville.....	1,000
Los Alamitos Sugar Co.....	Los Alamitos.....	700
American Beet Sugar Co.....	Chino.....	1,000
California Beet Sugar and Refining Co.....	Crockett.....	1,200
Spreckels Sugar Co.....	Spreckels.....	3,000
American Beet Sugar Co.....	Oxnard.....	2,000
Union Sugar Co.....	Betteravia.....	500
OTHER STATES.		
Minnesota Sugar Co.....	St. Louis Park, Minn.....	350
Illinois Sugar Refining Co.....	Pekin, Ill.....	700
Continental Sugar Co.....	Fremont, Ohio.....	350
Central Sugar Co.....	Shelby, Ind.....	500
Wisconsin Sugar Co.....	Menominee Falls, Wis.....	500
Pecos Valley Beet Sugar Co.....	Carlsbad, N. Mex.....	200

Names and classes of articles.	United States.	All other countries.	Rate of duty per cent.	33 1/3 per cent added.	Former Spanish rate.
MANUFACTURES—VARIOUS.					
	<i>Values.</i>	<i>Values.</i>			
Brooms and brushes.....	\$19,272	\$26,828	31.9	42.5	39
Candles.....	4,990	318,183	18.3	24.4	30
China ware.....	4,456	60,618	38.4	51.12	40
Earthen and stone ware.....	20,282	152,312	31	41.3	41
Celluloid, and manufactures of.....	4,544	28,351	31	41.3	60
Cement.....	157,686	51,219	26.5	35.3	80
Clocks and watches.....	27,426	71,724	25	33.3	16
Cork.....	9,358	28,818	6.4	8.5	27
Crockery.....	33,823	83,009	19.5	20.6	33
Fans.....	7,857	55,346	30	40	29
Games and toys.....	19,324	85,689	20	26.7	40
Glass.....	202,466	377,017	25.2	33.6	39
Musical instruments.....	9,201	52,826	40	53.3	35
Paper.....	229,001	632,323	27.7	36.9	25
Rubber, manufactures of.....	73,212	169,930	19	25.3	30
Miscellaneous carriages.....	133,092	21,260	23	30.7	21
Umbrellas, canes, etc.....	10,194	55,522	25	33.3	30
Wood:					
Hogsheads and barrels.....	218,136	260,591	18.8	22.4	50
Unspecified manufactures.....	22,797	13,711	30	40	36
Total.....	1,811,967	2,545,277			
METAL MANUFACTURES.					
Brass, and manufactures of.....	26,586	45,094	19.2	25.6	30
Copper, and manufactures of.....	149,183	64,883	17.3	23	35
Iron and steel bars, bands, rods, etc.....	123,109	126,862	26.5	35.3	23
Cutlery.....	29,584	48,935	28.8	38.4	32
Firearms.....	7,412	15,330	28	37.3	44
Locks, hinges, and builders' hardware.....	48,250	40,212	14.3	19	30
Tools not elsewhere specified.....	123,884	69,269	16	21.3	23
Castings not elsewhere specified.....	135,199	55,090	11.4	15.2	29
Nails, spikes, and tacks.....	147,659	107,782	18	24	36
Needles, pins, and all fine articles.....	57,915	146,186	18.5	24.7	32
All other manufactures.....	314,061	199,139	16	21.3	35
Jewelry, etc.....	8,838	115,278	14.1	18.4	7
Lead, and manufactures of.....	30,100	22,951	16.7	22.3	30
Plated ware.....	33,654	43,946	25	33.3	30
Tin and tin compositions.....	73,124	60,454	16.5	22	30
Zinc, and manufactures of.....	11,229	19,809	20.6	27.5	25
Total.....	1,329,592	1,180,220			
MISCELLANEOUS.					
Cattle.....	1,260,335	6,020,067	7.5	10	20
Hides.....	31,248	108,673	15	20	40
Stones, building, etc.....	16,752	28,296	35	46.7	47
All articles not otherwise specified.....	1,038,674	615,812	20	26.7	30
Total.....	2,347,009	6,772,868			

RÉSUMÉ OF TOTALS.

Names and classes of articles.	United States.	All other countries.
Alimentary articles.....	\$3,789,320	\$12,924,071
Chemical productions.....	551,627	1,321,718
Fibers, tissues, and apparel.....	1,127,160	10,186,029
Manufactures, various.....	1,211,967	2,545,277
Metal manufactures.....	1,329,592	1,180,220
Miscellaneous.....	2,347,009	6,772,868
Grand total.....	10,856,725	34,930,183

NOTE.—The differential above suggested would probably not benefit the trade of the United States in some important items, such as cattle or rice.

EXHIBIT F.

[See pages 378, 381, 384, 385.]

Status of import trade of Cuba.—Values and duties collected during year ending June 30, 1901.

Para-graph.	Articles.	From the United States.		From all other countries.	
		Value.	Duty.	Value.	Duty.
	CLASS I.—STONES, EARTHS, ORES, GLASS, AND CERAMIC PRODUCTS.				
	GROUP 1.—Stones and earths employed in building, arts, and manufactures.				
1	Marble, jasper, and alabaster:				
	a. In the rough or in dressed pieces, squared or prepared for shaping				
	b. Slabs, plates, or steps of any dimension, polished or not	\$922	\$44	\$6,830	\$3,942
	c. Sculptors, bas-reliefs, vases, urns, and similar articles for house decoration	622	19	1,442	85
	d. Wrought or chiseled into all other articles, polished or not	312	82	728	182
2	Stones, other, natural or artificial				
	a. Slabs, plates, or steps	7,920	2,280	5,583	3,408
	b. Wrought into all other articles	7,910	2,206	5,933	4,009
3	Earths employed in manufactures and arts, including lime and gypsum:				
	a. Cement	157,586	41,640	51,219	13,760
4	Gypsum manufactured into articles:				
	a. Statuettes	152	24		
	b. Other articles	324	80	32	4
	GROUP 2.—Coal.				
	(See free list)	204,632		3,435	
	GROUP 3.—Schists, bitumens, and their derivatives.				
5	Tar and mineral pitch, bitumens, and schists	9,660	3,380	173	18
6	Crude oils derived from schists, including crude petroleum; axle grease for cars and carts	245,198	141,117		
7	Petroleum and other mineral oils, rectified or refined, intended for illumination or lubrication:				
	a. A product from petroleum known under the name of cordage oil, imported by and used exclusively for cordage works in their manufacture of rope and cordage, provided that the importation be made at the direct demand, etc	42,210	13,680	152	49
8	Benzine, gasoline, and mineral oils, not specially mentioned, and vaseline	11,031	4,555	1,830	527
	GROUP 4.				
9	Ores				
	GROUP 5.—Crystal and glass.				
10	Common or ordinary hollow glassware; electric insulators	100,469	27,002	178,047	41,883
11	Crystal, and glass imitating crystal:				
	a. Articles cut, engraved, or gilt	4,018	1,080	7,121	1,675
	b. Articles, other	30,140	8,100	58,414	12,565
12	Plate glass or plate crystal:				
	a. Slabs, paving or roofing	2,844	1,194	1,904	298
	b. For windows or in other articles, provided they be neither polished, beveled, engraved, nor annealed	22,108	5,940	39,170	9,214
	c. Window glass set and polished or beveled plate glass	20,093	5,400	35,609	8,376
	d. Articles engraved or annealed	2,334	732	1,562	492
13	Glass and crystal, tinted, silvered, or coated with other metals:				
	a. Common mirrors not exceeding 2 millimeters in thickness, coated with red or dark mercurial varnish	4,010	1,075	7,100	1,600
	b. Mirrors, other, not beveled	6,027	1,620	10,682	2,502
	c. Mirrors, beveled	4,218	1,074	2,814	722
14	Glass and crystal, in other articles:				
	a. In statuettes, flower stands, and vases and similar articles for toilet purposes and house decoration	5,023	1,350	8,902	2,094
	b. Spectacle and watch glasses, imitations of precious or fine stones; enamel	3,075	1,030	7,063	1,601
15	Incandescent electric lamps, mounted or not	5,402	795	1,809	308

Status of import trade of Cuba—Continued.

Para- graph.	Articles.	From the United States.		From all other countries.	
	CLASS I.—STONES, EARTHS, ORES, GLASS, AND CERAMIC PRODUCTS—Continued.				
	GROUP 6.—Pottery, earthenware, and porcelain.				
		<i>Value.</i>	<i>Duty.</i>	<i>Value.</i>	<i>Duty.</i>
16	Articles of fire clay	\$12, 276	\$2, 226	\$8, 188	\$1, 480
17	Vitrified brick for paving purposes, vitrified block, vitrified brick for sewers, vitrified invert block, and vitrified invert brick for sewers	90, 876	9, 802	17, 486	9, 431
18	Roofing tiles of clay, not glazed, for building pur- poses, per square (10 by 10 feet)	15, 964	16, 096	1, 318	1, 365
19	Vitrified clay and terra cotta sewer pipe, slabs or conduits of clay, glazed or unglazed, cement or stoneware	31, 068	5, 961	66, 407	13, 062
20	Ceramic tiles of all kinds and glazed roofing tiles, per square (10 by 10 feet)	7, 765	1, 491	16, 602	3, 266
21	Hollow ware, glazed or not, of clay or stoneware: a. Household and kitchen utensils, except tableware	2, 023	378	15, 237	4, 938
	b. Dishes or other articles, provided that they be neither gilt, painted, nor orna- mented in relief	4, 046	756	30, 474	9, 357
	c. Common bottles of earthenware, to con- tain beer, etc	3, 696	1, 356	2, 468	904
	d. Flowerpots of common earthenware				
	e. Articles, gilt, painted, or ornamented in relief	952	476	408	208
22	Falence in dishes or hollow ware: a. Neither painted, gilt, nor in relief	8, 092	1, 513	60, 948	19, 875
	b. Gilt, painted, or with ornaments in relief ..	6, 069	1, 134	45, 711	14, 906
23	Porcelain in dishes or hollow ware: a. Neither painted, gilt, nor in relief	668	148	9, 092	3, 601
	b. Painted, gilt, or with ornaments in relief ..	1, 114	248	15, 154	6, 002
24	Statuettes, flower stands, and vases, high and bas-reliefs, articles for toilet purposes (adornos de tocador) and house decoration, of fine clay, falence, stoneware, porcelain, or bisque	2, 673	596	36, 370	14, 406
	CLASS II.—METALS, AND ALL MANUFACTURES IN WHICH A METAL ENTERS AS A PRINCIPAL ELE- MENT.				
	GROUP 1.—Gold, silver, and platinum, and alloys of these metals, and gold and silver plate.				
25	Gold and platinum or alloys thereof in jewelry, with or without precious stones or pearls; sil- ver in jewelry with precious stones or pearls; and precious stones, pearls, and seed pearls not set	4, 333	660	57, 608	8, 084
26	Gold or platinum or alloys thereof wrought in articles, other, of all kinds	606	92	8, 064	1, 124
27	Silver in ingots, bars, plates, sheets, or powder ..	2	1		
28	Silver in jewelry without precious stones or pearls	2, 166	330	28, 804	4, 017
29	Silver wrought in articles, other, of all kinds, and platinum in ingots	956	237	20, 737	2, 890
30	Gold and silver plated ware of all kinds, and jewelry made of metal, gold or silver plated, with or without precious stones or imitations thereof	38, 554	9, 654	43, 946	11, 296
	GROUP 2.—Cast iron.				
31	Pigs	458	45	368	63
32	Articles not coated or ornamented with another metal or porcelain, neither polished or turned: a. Bars, beams, plates, grates for furnaces, columns, pipes	95, 285	16, 990	41, 361	8, 289
	b. Lubricating boxes for railway trucks and carriages, and railway chairs				
	c. Articles other	2, 178	323	4, 351	604
33	Articles of all kinds not coated or ornamented with another metal or porcelain, polished or turned	15, 019	2, 222	13, 152	2, 107
34	Articles of all kinds, enameled, gilt, tinned, or coated or ornamented with other metals or porcelain	34, 628	5, 132	29, 960	4, 794
	GROUP 3.—Wrought iron and steel.				
35	Iron, soft or wrought, in ingots or "tochos;" steel in ingots				

Status of import trade of Cuba—Continued.

Para-graph.	Articles.	From the United States.		From all other countries.	
	CLASS II.—METALS, AND ALL MANUFACTURES IN WHICH A METAL ENTERS AS A PRINCIPAL ELEMENT—Continued.				
	GROUP 3.—Wrought iron and steel—Continued.				
36	Wrought iron and steel, rolled:	Value.	Duty.	Value.	Duty.
	a. Rails	\$750	\$151	\$10,947	\$1,587
	b. Bars of all kinds, including rods, tires, and hoops	40,206	8,737	45,729	9,379
	c. Bars of all kinds of fine crucible steel	74,743	11,999	81,422	4,820
37	Sheets rolled:				
	a. Neither polished nor tinned, of 3 millimeters and more in thickness	3,790	837	4,476	923
	b. Neither polished nor tinned, of less than 3 millimeters in thickness, and hoop iron ..	1,894	418	2,238	461
	c. Tinned and tin plate	850	98	27,745	5,762
	d. Polished, corrugated, perforated, cold-rolled, galvanized or not, and bands of polished hoop iron	15,156	3,344	17,904	3,692
38	Wrought iron or steel:				
	a. Cast in pieces in the rough, neither polished, turned, nor adjusted, weighing each 25 kilograms or more	1,651	277	1,841	423
	b. Less than 25 kilograms	4,341	482	2,673	278
39	Cast in pieces, finished:				
	a. Wheels weighing more than 100 kilograms, fish plates, chairs, sleepers, and straight axles; springs for railways and tramways; lubricating boxes	4,293	424	1,458	145
	b. Wheels weighing 100 kilograms or less; springs other than for railways and tramways; bent axles and cranks	10,008	973	3,395	322
40	Pipes:				
	a. Covered with sheet brass	12			
	b. Other, galvanized or not	146,980	26,270	16,447	3,039
41	Wire, galvanized or not:				
	a. 2 millimeters or more in diameter	106,218	17,616	8,706	876
	b. More than $\frac{1}{2}$ and up to 2 millimeters in diameter	44,258	7,341	3,628	366
	c. $\frac{1}{2}$ millimeter or less in diameter, and wire covered with any kind of tissue	3,540	586	290	28
42	In large pieces, composed of bars, or bars and sheets fastened by means of rivets or screws; the same, unriveted, perforated, or cut to measure for bridges, frames, and other buildings ..	345,045	71,085	4,050	669
43	Anchor, chains for vessels or machines, moorings, switches, and signal disks	3,384	492	2,256	180
44	Anvils	748	70	188	18
45	Wire gauze:				
	a. Up to 20 threads per inch	2,827	463	1,702	300
	b. Of 20 threads or more per inch	252	49	117	22
46	Cables, fencing (barbed wire including fasteners for the same) and netting furniture springs ..	46,710	7,724	9,720	1,492
47	Tools and implements (not apparatus):				
	a. Fine, for arts, trades, and professions, of crucible steel	117,699	17,763	57,559	9,609
	b. Other	29,422	4,438	14,336	2,400
48	Screws, nuts, bolts, washers, and rivets; nails, clasp nails, tacks, and brads	147,659	22,882	137,782	12,927
49	Saddlery hardware:				
	a. Made of iron or steel, bits, spurs, and all finishes for common harness	4,388	677	11,047	1,952
	b. Made of composition or materials other than iron or steel shall be dutiable according to its chief component material				
50	Buckles:				
	a. Nickeled	1,752	268	4,416	780
	b. Other	469	280	201	125
51	Needles, sewing or embroidering, pins and pens ..	5,612	1,828	14,234	2,932
52	Crochet hooks, hooks and hairpins	702	229	1,786	867
53	Cutlery:				
	a. With common wooden handles, such as used by butchers, shoemakers, saddlers, and cooks, including table knives and forks with common wooden handles	12,009	4,084	22,609	5,155
	b. All other cutlery (except pocket cutlery), including scissors; fishing hooks	18,071	4,986	38,081	7,720
	c. Surgical, including dental instruments; pocket cutlery, side arms (not fire), and pieces for same; razors	18,901	5,161	47,194	9,342

Status of import trade of Cuba—Continued.

Para- graph.	Articles.	From the United States.		From all other countries.	
	CLASS II.—METALS, AND ALL MANUFACTURES IN WHICH A METAL ENTERS AS A PRINCIPAL ELEMENT—Continued.				
	GROUP 2.—Wrought iron and steel—Continued.				
54	Small arms and barrels:	<i>Value.</i>	<i>Duty.</i>	<i>Value.</i>	<i>Duty.</i>
	a. Barrels, unfinished, for portable arms				
	b. Barrels, finished, for portable arms				
	c. Small arms, such as pistols and revolvers, also their detached parts, except barrels.	\$2,012	\$478	\$2,846	\$461
55	Sporting arms, breech and muzzle loading and detached parts thereof, except barrels	5,400	1,375	12,484	3,121
56	Manufactures of tin plate	72,274	11,005	32,709	5,101
57	Articles of all kinds, not specially mentioned, common, even coated with lead, tin, or zinc, or painted or varnished	143,582	24,972	85,116	14,739
58	Articles of all kinds, not specially mentioned, fine, i. e., polished, enameled, coated with porcelain, nickel, or other metals (with the exception of lead, tin, or zinc), or with ornaments, borders, or parts of other metals, or combined with glass or earthenware	169,314	28,667	140,629	24,843
	GROUP 4.—Copper and alloys of common metals with copper (brass, bronze, etc.).				
59	Copper scales (laminæ), copper of first fusion, old copper, brass, etc.	216	18		
60	Copper and alloys of copper, in ingots				
61	Rolled in bars of all kinds	8,690	1,368	14,226	1,786
62	Rolled in sheets	6,237	1,012	10,234	1,304
63	Wire, galvanized or not:				
	a. One millimeter and more in diameter	483	93	261	46
	b. Less than 1 millimeter in diameter	1,194	227	630	111
	c. Gilt, silvered, or nickeled	196	14	84	6
64	Wire covered with tissues or insulating materials; conducting cables for electricity over public thoroughfares	110,819	21,359	56,916	10,394
65	Wire gauze:				
	a. Up to 100 threads per inch	1,540	244	660	101
	b. Of 100 threads or more per inch				
66	Pipes, bearings, plates for fireplaces, and boiler makers' wares partially wrought	4,860	969	2,629	497
67	Nails and tacks, except as included in paragraph 301:				
	a. Gilt or nickeled	297	56	534	93
	b. Other	549	106	575	112
68	Pins or pens, crochet hooks, or hair pins	5,016	964	2,692	519
69	Articles not specially mentioned, varnished or not	39,200	7,542	19,685	3,732
70	Articles, gilt or nickeled, not specially mentioned, except when exclusively used for sanitary constructions:				
	a. In articles, gilt or nickeled, when exclusively used for sanitary constructions	6,430	1,252	3,506	663
		1,630	314	873	167
	GROUP 5.—Other metals and their alloys.				
71	Mercury	58	12	37	8
72	Nickel, aluminum, and their alloys:				
	a. In lumps or ingots				
	b. In bars, sheets, pipes, and wire				
	c. In other articles of all kinds	6,240	2,016	2,141	707
73	Tin and alloys thereof (Britannia metal):				
	a. In lumps or ingots	4,164	228	1,822	94
	b. In bars, sheets, pipes, and wire	4,392	442	2,181	221
	c. Hammered in thin leaves (tin foil), and capsules for bottles	29,424	2,108	8,494	351
	d. In other articles of all kinds	3,040	1,284	4,124	2,082
	Zinc, lead, and other metals, not specially mentioned, and their alloys:				
	a. In lumps or ingots	700	111	722	125
	b. In bars, sheets, pipes, and wire, including shot	30,077	5,473	25,936	3,971
	c. In articles, gilt or nickeled, except when exclusively used for sanitary constructions	1,582	336	1,596	254
	d. In articles, gilt or nickeled, when exclusively used for sanitary constructions	52	16		
	e. Zinc nails and tacks, neither gilt nor nickeled	672	180	1,002	153
	f. In other articles, including type	15,840	3,369	15,972	2,545

Status of import trade of Cuba—Continued.

Para-graph.	Articles.	From the United States.		From all other countries.	
	CLASS II.—METALS, AND ALL MANUFACTURES IN WHICH A METAL ENTERS AS A PRINCIPAL ELEMENT—Continued.				
	GROUP 5.—Other metals and their alloys—Cont'd.				
75	Filings, shavings, cuttings of iron or steel, and other wastes of cast iron or from the manufacture of common metals, fit only for remelting	<i>Value.</i>	<i>Duty.</i>	<i>Value.</i>	<i>Duty.</i>
76	Scoria resulting from the smelting of ores.....	.....	.....	\$78	\$8
	CLASS III.—SUBSTANCES EMPLOYED IN PHARMACY AND CHEMICAL INDUSTRIES, AND PRODUCTS COMPOSED OF THESE SUBSTANCES.				
	GROUP 1.—Simple drugs.				
77	Oleaginous seeds, copra, or cocoanuts	\$20	\$5	.....	.....
78	Resins and gums:				
	a. Colophony, pitch (vegetable), and similar products	3,782	474	58,618	5,556
	b. Spirits of turpentine.....	55,534	10,652	1,228	189
	c. Caoutchouc and gutta-percha, raw or melted in lumps.....	188	12	6	1
79	Extracts of licorice, aloes, camphor, and other similar vegetable juices.....	959	42	411	18
80	Tan bark .....	.....	.....	.....	.....
81	Opium.....	9,104	9,845	49,892	57,835
82	Other simple vegetable products, not specially mentioned	11,249	1,056	64,548	9,048
83	Animal products employed in medicine, not specially mentioned.....	100	8	.....	.....
	GROUP 2.—Colors, dyes, and varnishes.				
84	Natural colors, in powder or in lumps (ochers, etc.)	2,029	522	2,501	768
85	Artificial colors of metallic bases:				
	a. In powder or lumps	22,324	5,747	87,520	5,399
	b. Prepared in paste, oil, or water; also lead or colored pencils.....	55,812	14,369	68,808	20,999
86	Other artificial colors, in powder, crystals, lumps, or paste, including lithographic inks.....	20,295	5,225	25,019	7,636
87	Natural dyes:				
	a. Woods, barks, roots, etc., for dyeing	164	20	.....	.....
	b. Madder .....	.....	.....	.....	.....
	c. Indigo and cochineal.....	518	69	280	27
88	Artificial dyes:				
	a. Extracts from logwood, archil, and other dyeing extracts	440	96	116	24
	b. Writing, drawing, or printing inks.....	7,507	1,013	10,567	1,967
	c. Colors derived from coal	1,813	210	788	90
89	Varnishes	24,520	7,948	6,750	1,064
90	Blacking	1,349	209	408	85
	GROUP 3.—Chemical and pharmaceutical products.				
91	Simple bodies:				
	a. Sulphur	978	28	423	12
	b. Bromine, boron, iodine, and phosphorus...	1,908	478	480	120
92	Inorganic acids:				
	a. Hydrochloric, boric, nitric, and sulphuric; also aqua regia	21,674	2,367	10,496	416
	b. Liquid carbonic acid	686	119	298	53
	c. Other	1,656	252	184	28
93	Organic acids:				
	a. Oxalic, citric, tartaric, and carbolic.....	17,784	1,947	8,580	341
	b. Oleic, stearic, and palmitic .....	.....	.....	.....	.....
	c. Acetic.....	308	280	182	124
	d. Other.....	986	162	104	18
94	Oxides and oxyhydrates: Of ammoniac, potash, and other caustic and barilla alkalies.....	9,302	716	13,231	768
95	Inorganic salts:				
	a. Chloride of sodium (common salt) crude	1,001	269	18,560	15,545
	b. Chloride of sodium (common salt) ground, powdered, manufactured, or otherwise.....	1,500	402	27,839	23,811
	c. Chloride of potassium; sulphates of soda, iron, or magnesia; carbonate of magnesia; alum	4,064	768	1,016	196
	d. Sulphate of ammoniac; phosphate and super-phosphate of lime; nitrate of potash and soda	2,005	161	2,644	304

Status of import trade of Cuba—Continued.

Para- graph.	Articles.	From the United States.		From all other countries.	
	CLASS III.—SUBSTANCES EMPLOYED IN PHARMACY AND CHEMICAL INDUSTRIES, AND PRODUCTS COMPOSED OF THESE SUBSTANCES—C'td.				
	GROUP 3.—Chemical and pharmaceutical products—Continued.				
96	Inorganic salts—Continued.				
	a. Other salts of ammoniac, salts of copper, chloride of lime, sulphate of potash, hyposulphite of soda and borax; sal soda ..	<i>Value.</i> \$9,447	<i>Duty.</i> \$1,339	<i>Value.</i> \$4,050	<i>Duty.</i> \$575
	f. Chlorates of soda and potash	2,184	460	546	115
96	Organic salts:				
	a. Acetates and oxalates	591	118	66	13
	b. Citrates and tartrates	723	44	181	12
97	Alkaloids and their salts; chlorides of gold and silver	2,070	259	518	65
98	Chemical products not specially mentioned	123,902	15,296	159,749	16,967
99	Pills, including those of quinine, capsules, medicinal dragees, and the like	35,470	4,019	35,898	3,850
100	Pharmaceutical products not specially mentioned	106,410	12,059	107,695	11,552
	GROUP 4.—Oils, fats, wax, and their derivatives.				
101	Vegetable oils:				
	a. Solid (cocoanut, palm, etc.)	884	196	.....	.....
	b. Liquid, except olive oil and cotton-seed oil	11,424	2,363	67,791	15,841
	c. Cotton-seed oil, to be used exclusively in the manufacture of soap, provided that the importation be made at the direct demand of the manufacturers of soap, and that the latter submit their works at all times to the inspection of the customs authorities, and that the importer give such bond as may be regarded necessary by the acting collector	16,626	1,010	1,012	59
102	Crude oils and animal fats:				
	a. Cod-liver oil and other medicinal oils, not refined	16	2	.....	.....
	b. Glycerin, olein, stearin, and spermaceti, crude	18,594	1,528	7,331	499
	c. Other crude oils and fats, including olein and tallow, when to be used in the manufacture of soaps	88,797	2,359	2,362	133
103	Mineral, vegetable, or animal wax, unwrought, and paraffin in lumps	935	135	1,549	218
104	Articles of stearin and paraffin, wax of all kinds, wrought	4,990	1,108	318,183	58,117
105	Soap:				
	a. Common soap in bars, including castile soap and ordinary scouring compositions	26,766	10,549	378,971	133,323
	b. Ordinary toilet soaps in cakes or tablets ..	827	824	11,718	4,275
	c. Fine toilet soaps, whether fancy, perfumed, or not, and all others, including so-called medicinal or medicated soaps ..	10,533	2,817	17,901	6,072
106	Perfumery and essences:				
	a. Of value less than \$1.25 per kilogram	3,972	1,655	35,969	13,258
	b. Of value more than \$1.25 per kilogram	11,917	4,965	107,879	39,776
	GROUP 5.—Various.				
107	Artificial or chemical fertilizers	7,226	107	236	3
108	Starch and fecule for industrial uses; dextrin and glucose	13,272	4,206	64,890	13,320
109	Glues, albumens, and gelatin	10,842	1,927	8,903	1,795
110	Carbons, prepared for electric lighting	7,814	1,325	868	147
111	Gunpowder and explosives:				
	a. Gunpowder, explosive compounds, and miners' fuses	25,744	6,000	575	797
	b. Gunpowder, sporting, and other explosive, not intended for mines, including fireworks of all kinds	33,618	9,000	863	1,196
	CLASS IV.—COTTON AND MANUFACTURES THEREOF.				
	GROUP 1.—Cotton in the wool and yarns.				
112	Cotton in the wool and cotton waste	21,273	2,391	41,080	9,359
113	Cotton yarn and thread for crocheting, embroidering, and sewing, including the weight of reels	158	22	35	14

Status of import trade of Cuba—Continued.

Para-graph.	Articles.	From the United States.		From all other countries.	
	CLASS IV.—COTTON AND MANUFACTURES THEREOF—Continued.				
	GROUP 2.—Tissues.				
114	Tissues, plain and without figures, napped or not, weighing 10 kilograms or more per 100 square meters, unbleached, bleached, or dyed, and tissues, plain and without figures, napped or not, measuring not over 65 centimeters in width, weighing 8 kilograms or more per 100 square meters, unbleached, bleached, or dyed, having—	<i>Value.</i>	<i>Duty.</i>	<i>Value.</i>	<i>Duty.</i>
	a. Up to 9 threads.....	\$12,395	\$4,007	\$140,306	\$33,168
	b. From 10 to 15 threads.....	123,980	40,075	1,403,085	331,685
	c. From 16 to 19 threads.....	19,832	6,411	192,493	58,149
	d. 20 threads or more.....	3,770	1,218	86,276	9,991
114c	The same tissues, printed or manufactured with dyed yarns, dutiable as the tissue, with a surtax of 30 per cent.				
115	Tissues, plain and without figures, napped or not, weighing less than 10 kilograms per 100 square meters, unbleached, bleached, or dyed, having—				
	a. Up to 6 threads.....	876	122	3,628	999
	b. From 7 to 11 threads.....	17,357	5,609	168,431	46,435
	c. From 12 to 15 threads.....	17,458	5,645	168,401	46,517
	d. From 16 to 19 threads.....	19,932	6,511	192,598	58,249
	e. 20 threads or more.....	22,313	7,207	216,562	59,698
115f	The same tissues, printed or manufactured with dyed yarns.				
116	Tissues, twilled or figured on the loom, napped or not, weighing 10 kilograms or more per 100 square meters, unbleached, bleached, or dyed, having—				
	a. Up to 6 threads.....	696	256	3,870	1,076
	b. From 7 to 11 threads.....	9,191	3,316	74,467	24,749
	c. From 12 to 15 threads.....	45,876	18,669	894,774	128,923
	d. From 16 to 19 threads.....	19,602	8,001	169,186	55,481
	e. 20 threads or more.....	14,450	5,867	124,072	40,392
116f	The same tissues, printed or manufactured with dyed yarns.				
117	Tissues, twilled or figured on the loom, napped or not, weighing less than 10 kilograms per 100 square meters, unbleached, bleached, or dyed, having—				
	a. Up to 6 threads.....	696	256	3,870	1,076
	b. From 7 to 11 threads.....	14,691	5,950	124,969	40,582
	c. From 12 to 15 threads.....	13,137	5,334	112,794	36,721
	d. From 16 to 19 threads.....	3,940	1,600	33,837	11,016
	e. 20 threads or more.....	6,324	2,583	55,485	18,569
117f	The same tissues, printed or manufactured, with dyed yarns.....				
118	Tissues for counterpanes.....	2,394	732	44,406	12,660
119	Piqués of all kinds.....	3,851	1,674	24,574	8,775
120	Carded tissues:				
	a. Unbleached, half bleached, or dyed in the piece.....	11,979	3,687	222,083	63,324
	b. Bleached, printed, or manufactured with dyed yarns.....	8,385	2,580	155,423	44,326
121	Velvety tissues, such as corduroys and velveteens; three-ply plush tissues, cut or not.....	2,869	1,368	58,365	33,049
122	Knitted goods, even with needlework.....	134	53	6,518	2,424
	a. Undershirts and drawers of simple finish or rough sewing.....	1,342	537	66,187	24,246
	b. Undershirts and drawers of double sewing or fine finish.....	4,160	1,567	202,081	75,064
	c. Stockings, socks, gloves, and other small articles of simple finish or rough sewing.....	1,745	699	84,744	31,520
	d. Stockings, socks, gloves, and other small articles of double sewing or fine finish.....	6,039	2,420	293,344	109,108
123	Tulles:				
	a. Plain.....	21	7	3,344	961
	b. Figured or embroidered on the loom.....	214	74	33,433	9,618
124	Lace, blondes, and tulle for borders, of all kinds.....	1,931	666	300,902	86,569
125	Carpets of cotton.....	158	22	35	14
126	Tissues called tapestry, for upholstering furniture and for curtains manufactured with dyed yarns; table covers and counterpanes of the same kind.....	399	122	7,401	2,110
127	Wicks for lamps and candles.....	8,994	1,280	74,011	21,106
128	Trimmings of cotton; ribbons and galloons.....	13,176	4,055	244,236	69,656

Status of import trade of Cuba—Continued.

Para- graph.	Articles.	From the United States.		From all other countries.	
	CLASS V.—HEMP, FLAX, PITA, JUTE AND OTHER VEGETABLE FIBERS AND THEIR MANUFACTURES.				
	GROUP 1.—Raw and spun.				
129	Twisted yarns of two or more ends (including the weight of the reels) etc	Value. \$1,926	Duty. \$408	Value. \$35,536	Duty. \$6,576
130	Bags for sugar	30,261	6,392	404,810	84,278
131	Rope and cordage: a. Twine or rope yarn and cord of hemp, not exceeding 3 millimeters in thickness.... b. Cordage and rope-makers' wares of hemp, exceeding 3 millimeters in thickness.... c. Cordage and rope-makers' wares of abaca, heniquen, pita, jute, or other fibers	1,668 19,143 15,668	226 5,098 4,176	45,336 19,541 15,990	8,544 2,506 2,051
	GROUP 2.—Tissues.				
132	Tissues of hemp, linen, ramie, jute, or other veg- etable fibers, not specially mentioned, plain, twilled, or damasked, weighing 35 kilograms or more per 100 square meters, unbleached or dyed in the piece, having— a. Up to 5 threads	1,831 499 332	518 140 92	126,354 47,187 24,791	32,439 8,869 5,907
132d	The same tissues, bleached, half bleached, or printed.				
132e	The same tissues, manufactured with dyed yarns.				
133	Tissues, plain, twilled, or damasked, weighing from 20 to 35 kilograms per 100 square me- ters, unbleached or dyed in the piece, having— a. Up to 5 threads	1,499 510 329 566 508	430 161 87 186 155	111,568 47,263 24,558 49,583 47,144	26,562 8,961 5,891 11,814 8,823
133f	The same tissues, bleached, half bleached, or printed.				
133g	The same tissues, manufactured with dyed yarns.				
134	Tissues, plain, twilled, or damasked, weighing from 10 to 20 kilograms per 100 square meters, unbleached or dyed in the piece, having— a. Up to 8 threads	246 1,332 3,321 2,827 329	69 378 922 789 87	18,562 99,167 247,920 210,794 24,634	4,423 25,623 59,074 50,306 5,898
134f	The same tissues, bleached, half bleached, or printed.				
134g	The same tissues, manufactured with dyed yarns.				
135	Tissues, plain, twilled, or damasked, weighing less than 10 kilograms per 100 square meters, unbleached or dyed in the piece, having— a. Up to 8 threads	166 484 559 832	45 132 178 233	12,395 47,090 49,491 61,979	2,953 8,821 11,784 14,767
135f	The same tissues, bleached, half bleached, or printed.				
135g	The same tissues, manufactured with dyed dyed yarns.				
136	Velvets and plushes of linen, jute, etc.....				
137	Knitted goods of linen or hemp, mixed or not with cotton or other vegetable fibers, even with needlework: a. In the piece, jerseys, or drawers				
	b. Stockings, socks, gloves, and other small articles			32	12
138	Tulles: a. Plain				
	b. Figured or embroidered on the loom				
139	Lace, blonde, and tulles for borders	83	23	6,197	1,476
140	Carpets of jute, hemp, or other vegetable fibers, without admixture of wool	581	83	1,217	232
141	Tissues called tapestry for upholstering furni- ture and for curtains, mixed or not with cot- ton, figured or damasked, provided they be manufactured with yarns dyed prior to being woven; table covers and counterpanes of the same kind			308	152
142	Trimmings of hemp, jute, linen, ramie, etc.; ribbons and galloons	480	230	1,920	916

Status of import trade of Cuba—Continued.

Para-graph.	Articles.	From the United States.		From all other countries.	
	CLASS VI.—WOOL, BRISTLES, HAIR, HORSEHAIR, AND THEIR MANUFACTURES.				
	GROUP 1.—Raw and spun.				
143	Bristles, hair, and horsehair:	<i>Value.</i>	<i>Duty.</i>	<i>Value.</i>	<i>Duty.</i>
	a. Bristles.....	\$1,221	\$122	\$2,661	\$266
	b. Bristle brushes, in which the bristles give the value, per cent, and ad valorem....	5,106	1,785	17,020	5,962
	c. Hair and horsehair.....	1,176	470	2,352	940
144	Wool, raw.....	296	60	873	162
145	Woolen yarn, unbleached, bleached, or dyed, single or twisted.....	89	39	5,251	2,851
	GROUP 2.—Tissues and filled stuffs.				
146	Swanskin or pure or mixed wool.....	666	265	* 30,898	12,356
147	Manufactures of wool, including knitted stuffs with or without an admixture of cotton or other vegetable fibers, even with needlework, and tissues of bristle or horsehair, with or without an admixture of cotton or other vegetable fibers.....	20,821	8,323	629,226	251,690
	CLASS VII.—SILK AND MANUFACTURES OF SILK.				
	GROUP 1.—Yarns.				
148	Silk and floss silk, spun or twisted, in skeins.....	498	223	896	182
149	Silk on reels, including weight of the reels.....	5,190	2,337	3,336	1,528
	GROUP 2.—Tissues.				
150	Tissues of silk, pure or mixed.....	18,369	263	494,253	222,412
	CLASS VIII.—PAPER AND ITS APPLICATIONS.				
	GROUP 1.				
151	Paper pulp.....	8,445	3,058	15,562	5,380
	GROUP 2.—Printing and writing paper.				
152	Paper, continuous or in sheets, white or colored, unprinted, for printing purposes.....	27,747	,924	50,576	17,483
153	Common paper, continuous or in sheets, white or colored, used for wrapping packages, bundles, etc., not including manila.....	35,364	13,360	68,064	23,585
154	Paper in sheets, ruled or not, unprinted, white or colored, used for writing purposes, including blank books of the same.....	26,392	9,543	48,631	16,811
	GROUP 3.—Paper, printed, engraved, or lithographed.				
155	Books, bound or unbound, and similar printed matter.....	21,619	2,824	74,960	14,558
156	Headed paper, forms for invoices, labels, cards, and the like.....	6,333	2,290	11,671	4,030
157	Prints, maps, charts, etc., drawings, photographs, engravings, and pictures; lithographs, chromolithographs, oleographs, etc., printed from stone, zinc, aluminum, or other material, used as labels, flaps, bands, and wrappers for tobacco or other purposes:				
	a. Of one to three printings, inclusive, including articles printed solely in bronze (bronze printing to be counted as three printings), but not including any article printed in whole or in part in metal leaf.....	5,405	681	13,736	3,639
	b. Of four to seven printings, inclusive (bronze printing to be counted as three printings), but not including any article printed in whole or in part in metal leaf.....	3,153	397	10,930	2,123
	c. Of eight to thirteen printings, inclusive (bronze printing to be counted as three printings), but not including any article printed in whole or in part in metal leaf.....	3,603	454	12,491	2,426
	d. Of more than thirteen printings (bronze printing to be counted as three printings), including all articles printed in whole or in part in metal leaf.....	11,260	1,419	39,034	7,582

Status of import trade of Cuba—Continued.

Para-graph.	Articles.	From the United States.		From all other countries.	
		Value.	Duty.	Value.	Duty.
	CLASS VIII.—PAPER AND ITS APPLICATIONS—Continued.				
	GROUP 4.—Wall paper.				
156	Wall paper, printed:				
	a. On natural ground	\$544	\$20		
	b. On dull or glazed ground	872	170	\$92	\$42
	c. With gold, silver, wool, or glass				
	GROUP 5.—Pasteboard and various papers.				
159	Common packing paper, straw, sand, or glass paper	24,286	69,418	86,989	19,445
160	Blotting paper	872	128	224	32
161	Other paper not specially mentioned, including manilla paper and press copy books	72,860	20,825	260,818	58,536
162	Pasteboard in sheets:				
	a. Cardboard paper and fine glazed or pressed cardboard	7,286	2,063	26,082	5,894
	b. Other pasteboard	6,072	1,735	21,735	4,861
163	Manufactures of pasteboard:				
	a. Boxes of common pasteboard lined with ordinary paper	4,857	1,388	17,387	3,988
	b. Boxes of fine pressed or glazed cardboard, or with ornaments, or lined with fine paper, and articles not specially mentioned	18,215	5,206	65,204	14,564
164	Paste and carton-pierre:				
	a. Unwrought	852	161	252	59
	b. Wrought, finished or not, including moldings	2,123	598	3,070	753
	CLASS IX.—WOOD AND OTHER VEGETABLE MATERIALS EMPLOYED IN INDUSTRY, AND ARTICLES MANUFACTURED THEREWITH.				
	GROUP 1.—Wood.				
165	Staves	4,785	292	8	.....
166	Ordinary wood:				
	a. In boards, deals, rafters, beams, round wood, and timber for shipbuilding	69,448	5,908	32,953	5,436
	b. Planed or dovetailed, for boxes and flooring; broomsticks and cases wherein imported goods were packed	141,048	13,776	76,892	12,684
167	Fine wood for cabinetmakers:				
	a. In boards, deals, trunks, or logs	3,360	464	840	134
	b. Sawn in veneers	1,840	192	460	56
168	Coopers' wares:				
	a. Fitted together	218,136	28,962	260,591	31,273
	b. In shooks, also hoops and headings	81,046	7,006	4,376	333
169	Wood, cut, for making hogsheads or casks for sugar or molasses	28,574	2,228	565	145
170	Lattice-work and fencing	477	90	55	13
	GROUP 2.—Furniture and manufactures of wood.				
171	Common wood manufactured into furniture and other wares, and articles of all kinds, turned or not, painted or not, varnished or not, but neither chiseled, inlaid, nor carved	236,850	65,810	46,622	13,738
172	Fine wood manufactured into furniture or other wares, turned or not, polished or not, varnished or not, and furniture and common wooden wares veneered with fine wood; furniture upholstered with tissue (other than with silk or stuffs containing an admixture thereof, or with leather), provided that the articles specified in this number be neither chiseled, carved, inlaid, nor ornamented with metal	23,685	6,531	4,662	1,374
173	Furniture of bent wood	3,008	1,248	756	512
174	Barbers' and dentists' chairs, billiard tables and appurtenances thereto, and bar fixtures	34,835	9,330	6,660	1,963
175	Battens:				
	a. Molded, varnished, or prepared for gilding	6,967	1,866	1,332	392
	b. Gilt or carved	17,417	4,665	3,330	951
176	Wood of any kind manufactured into furniture or other wares, gilt, chiseled, carved, inlaid, or veneered with mother-of-pearl or other fine materials, or ornamented with metal, and furniture upholstered with stuffs of pure or mixed silk, or leather	17,901	5,598	3,996	1,177

Status of import trade of Cuba—Continued.

taraph.	Articles.	From the United States.		From all other countries.	
		Value.	Duty.	Value.	Duty.
CLASS IX.—WOOD AND OTHER VEGETABLE MATERIALS EMPLOYED IN INDUSTRY, AND ARTICLES MANUFACTURED THEREWITH—Continued.					
GROUP 3.—Various.					
177	Charcoal, firewood, and other vegetable fuel....	\$28	\$4		
178	Cork:				
	a. In the rough or in boards.....	5,130	338	\$1,078	\$58
	b. Manufactured.....	5,301	230	28,187	1,950
179	Rushes, vegetable hair, cane, osiers, fine straw, palm and genista, raw, raw esparto, and baskets and other common wares of esparto....	9,463	1,809	11,058	1,682
180	Esparto manufactured into fine articles; rushes, vegetable hair, cane, osiers, fine straw, palm, and genista, manufactured into articles of all kinds, not specially mentioned, including wicker furniture.....	11,077	2,211	13,514	2,054
CLASS X.—ANIMALS AND ANIMAL WASTES EMPLOYED IN INDUSTRY.					
GROUP 1.—Animals.					
181	Horses and mares:				
	a. Above the standard height.....	41,638	5,207	42,618	8,187
	b. Other.....	166,555	20,831	170,472	32,750
182	Mules.....	254,678	13,081	75,658	12,597
183	Asses.....	890	90		
184	Bovine animals:				
	a. Oxen.....	189,025	18,678	908,086	65,289
	b. Cows.....	1,071,151	105,851	5,127,210	369,978
	c. Bullocks.....	63,006	6,226	301,012	21,763
	d. Calves and heifers.....	196,288	18,596	8,951	515
185	Pigs.....	4,199	566	1,273	543
186	Sheep and goats.....	820	68	504	126
187	Animals not specially mentioned.....	1,914	159	1,177	297
188	Singing birds, parrots, etc.....				
GROUP 2.—Hides, skins, and leather wares.					
189	Pelts in their natural state or dressed.....				
190	Hides or skins, raw or uncured, dry, salted, or pickled.....	3,501	350	4,186	419
191	Hides tanned with hair.....	875	131	1,046	156
192	Hides tanned, dressed, and finished, without the hair, including rough leather, sole leather, sole-leather cut soles for mending, belting leather, upper leather, harness and saddlery leather.....	17,507	2,126	20,934	3,140
193	Skins tanned, dressed and finished, including calf, kangaroo, sheep, lamb, goat, and kid skins.....	52,523	7,878	62,804	9,421
194	Hides and skins, varnished, japanned, or enameled, and skins with figures, engravings, or embossed.....	13,130	2,626	15,701	3,140
195	Leather cut into shoe uppers or vamps or other forms suitable for conversion into manufactured articles, and also manufactures of leather, finished or unfinished, not otherwise provided for.....	525	133	3,778	944
196	Gloves of skin:				
	a. Common baseball and boxing gloves.....	80	20		
197	Boots, shoes, and slippers:				
	a. Men's size 5 and up.....	141,971	28,103	431,359	98,897
	b. Boys', youths', women's, misses', and children's.....	202,816	40,147	616,228	141,282
	Boots and shoes 9½ (children's) and under.....	40,563	8,029	123,245	28,256
198	Other boots, shoes, and slippers, fancy or ornamented.....	8,112	1,605	24,649	5,651
199	Riding boots.....	4,056	802	12,324	2,825
200	Sandals made without leather.....	242	72	109,948	35,432
201	Saddlery and harness:				
	a. Draft harness, other than for carriages....	15,393	1,325	8,864	283
	b. Carriage harness.....	12,596	1,085	3,163	233
	c. Other saddlery and harness makers' wares, valises, hat boxes, and traveling bags of cardboard or leather.....	12,130	2,626	18,765	4,772
202	Other manufactures of leather or covered with leather.....	26,686	5,778	41,284	10,499

Status of import trade of Cuba—Continued.

Para- graph.	Articles.	From the United States.		From all other countries.	
CLASS X.—ANIMALS AND ANIMAL WASTES EM- PLOYED IN INDUSTRY—Continued.					
GROUP 3.—Various.					
203	Feathers for ornament, in their natural state or manufactured	Value. \$3,364	Duty. \$424	Value. \$3,464	Duty. \$1,700
204	Other feathers and feather dusters	1,834	396	7,342	1,585
205	Intestines, dried	112	52	.....	.....
206	Animal wastes, unmanufactured, not specially mentioned	26	8	.....	.....
CLASS XI.—INSTRUMENTS, MACHINERY, AND AP- PARATUS EMPLOYED IN AGRICULTURE, INDUS- TRY, AND LOCOMOTION.					
GROUP 1.—Instruments.					
207	Pianos:				
	a. Grand	1,143	457	4,472	1,789
	b. Other	4,573	1,830	17,892	7,157
208	Harmoniums and organs	481	191	1,234	493
209	Harps, violins, violoncellos; guitars and mando- lins with incrustations; flutes and flutes of the ring system; metal instruments of 6 pistons or more; detached parts for wind instruments of wood or copper	310	122	3,013	1,206
210	Musical instruments, other	2,794	1,106	27,114	10,853
211	Watches and chronometers:				
	a. Of gold	6,906	1,728	14,958	3,750
	b. Of silver or other metals	24,171	6,052	52,354	13,125
	c. Watch cases and works for watches	1,381	345	2,991	750
212	Clocks with weights, and alarm clocks and detached parts	690	172	1,495	375
213	Works for wall or table clocks, finished or un- finished, with or without cases	1,726	432	3,739	937
GROUP 2.—Apparatus and machines.					
214	All weighing machines, including scales and detached parts thereof	32,106	6,333	2,486	501
215	Machinery and apparatus for making sugar and brandy	440,396	45,360	26,619	3,425
216	Agricultural machinery and apparatus	6,697	679	15	2
217	Steam motors, stationary	82,516	16,394	1,682	338
218	Marine engines; steam pumps; hydraulic, petro- leum, gas, and hot or compressed air motors	11,452	2,239	4,916	983
219	Boilers:				
	a. Of sheet iron	65,640	13,125	4,332	867
	b. Tubular	98,461	19,692	6,498	1,301
220	Locomotives and traction engines .....	.....	.....	.....	.....
221	Turntables, hydraulic cranes, and columns .....	.....	.....	.....	.....
222	Machines of copper and its alloys, detached parts of the same metals	54,613	11,201	5,915	1,206
223	Dynamo-electric machines, inductors and de- tached parts	58,996	10,799	2,234	448
224	Sewing machines and detached parts thereof	107,270	21,442	5,842	1,170
225	Velocipedes, bicycles, and detached parts and accessories thereto, including bicycle lamps	15,582	3,144	1,360	271
226	Machines and apparatus, other, or of materials not specially mentioned; also detached parts of all kinds other than of copper or its alloys	291,162	58,236	37,263	7,461
GROUP 3.—Carriages.					
227	Coaches and berlins, new, used, or repaired	60,175	15,043	12,576	3,147
228	Railway carriages of all kinds for passengers	2,940	735	.....	.....
229	Vans, trucks, and cars of all kinds; miner's trol- leys	130,062	26,728	.....	.....
230	Tramway carriages of all kinds .....	.....	.....	.....	.....
231	Wagons, carts, and handcarts	40,117	10,030	8,384	2,069
GROUP 4.—Vessels.					
232	Sailing vessels of all kinds	155,858	7,185	6,100	723
233	Steam vessels with wooden hulls	46,751	885	.....	.....
234	Steam vessels with hull of iron, or other metals, or mixed construction .....	.....	.....	150,000	2,725
235	Salvage for wrecked vessels .....	.....	.....	801	64

Status of import trade of Cuba—Continued.

Para- graph.	Articles.	From the United States.		From all other countries.	
		Value.	Duty.	Value.	Duty.
CLASS XII.—ALIMENTARY SUBSTANCES.					
GROUP 1.—Meat and fish, butter and greases.					
236	Poultry and small game.....	\$144,947	\$31,181	\$2,081	\$515
237	Meats in brine:				
	a. Beef, brine or salt.....	57,796	10,009	12	2
	b. Pork, brine or salt.....	990,601	172,681	413	32
238	Lard.....	2,988,184	549,429	7,958	661
239	Tallow, except when imported for the manu- facture of soap.....	52	4		
240	Bacon.....	6,889	1,601	153	13
241	Hams or shoulders.....	657,081	165,932	41,888	6,509
242	Jerked beef.....	706	192	1,916,004	590,926
243	Meat of all other kinds:				
	a. Beef, canned.....	6,182	1,401		
	b. Beef, fresh.....	247,909	85,736		
	c. Mutton, fresh.....	21,408	3,760		
	d. Pork, fresh.....	40,198	6,535		
244	Butter and oleomargarine.....	102,644	32,801	85,288	13,938
245	Cheese.....	59,338	9,128	401,410	76,097
246	Condensed milk.....	402,666	40,262	100,009	10,000
247	Salt cod and stock fish, hake and haddock.....	238,901	27,654	769,675	74,845
248	Herring, pickled, smoked, salted, or marinated, and skate, salted.....	32,814	5,189	11,691	1,612
249	Mackerel, pickled, smoked, salted, or marinated.....	1,577	317	2,173	446
250	Salmon, smoked, salted, or marinated.....	1,738	301	13,707	3,463
251	Oysters of all kinds, and shell fish, dried or fresh.....	7,491	563	1,487	65
252	Eggs.....	549,266	96,811	1,185	246
GROUP 2.—Cereals.					
253	Rice, husked or not.....	3,481	608	3,332,011	763,709
254	Wheat.....	450	67	20	6
255	Cereals:				
	a. Corn.....	781,334	111,561	4,463	636
	b. Rye.....	389	50		
	c. Barley.....	1,266	150	37,499	2,890
	d. Oats.....	132,358	23,402	805	95
256	Flour:				
	a. Of wheat.....	2,206,174	523,310	585	75
	b. Of rice.....	915	249	101	27
	c. Of corn.....	8,696	1,319	210	49
	d. Of oats.....	260	60		
GROUP 3.—Pulse, garden produce, and fruits.					
257	Beans.....	235,408	34,602	154,201	31,732
258	Pease.....	235,678	34,657	154,256	31,862
259	Onions.....	37,194	7,785	242,036	37,328
260	Potatoes, and other fresh vegetables not specially mentioned.....	286,920	62,724	473,629	89,721
261	Flour of pulse.....	9,290	4,164	2,322	1,040
262	Fruits, fresh.....	31,120	3,957	733	146
263	Almonds of all kinds.....	6,387	532	11,008	1,906
264	Fruits, dried or drained.....	54,224	5,524	202,715	29,028
265	Chestnuts, dried or fresh.....	6,920	601	16,512	2,860
GROUP 4.—Seeds and fodder.					
266	Clover seed.....	701	51	623	84
267	Flaxseed.....	2,006	122	15,851	2,206
268	Timothy seed.....				
269	Fodder and bran.....	138,895	33,977	9,794	2,419
	a. Corn or broom straw.....	23,711	1,593	125	7
GROUP 5.—Preserves.					
270	Fish or shellfish, preserved in oil or otherwise, in tins.....	3,897	997	144,726	36,181
271	Vegetables and pulse, pickled or preserved in any manner.....	57,444	14,361	85,604	21,401
272	Fruits preserved:				
	a. In brandy.....	4,987	1,242	84,999	6,249
	b. Other.....	18,137	4,537	43,321	10,901
273	Alimentary preserves not specially mentioned; pork, butchers' wares, truffles, sauces, and mustard; alimentary flavoring extracts.....	125,328	31,832	185,100	46,275
GROUP 6.—Oils and beverages.					
274	Olive oil; cotton-seed oil (except for the manu- facture of soap):				
	a. In receptacles of earthenware, wood, or tin.....	3,744	1,465	907,281	96,461
	b. In bottles, including weight of bottles....	88	14	9,164	974

Status of import trade of Cuba—Continued.

Para- graph.	Articles.	From the United States.		From all other countries.	
	CLASS XII.—ALIMENTARY SUBSTANCES—Cont'd.				
	GROUP 6.—Oils and beverages—Continued.				
275	Alcohol	Value. \$306	Duty. \$162	Value. \$210	Duty. \$114
276	Brandies, liqueurs, cordials, and all compound spirits not specially mentioned:				
	a. In casks, barrels, or half barrels.....	221	126	5,127	3,065
	b. In bottles, flasks, demijohns, or other sim- ilar receptacles	5,531	3,160	128,201	76,686
	c. Whisky, rum, and gin in casks, barrels, and half barrels.....	515	294	11,963	7,154
	d. Whisky, rum, and gin in bottles, flasks, demijohns, or other similar receptacles..	1,106	632	25,639	15,339
277	Wines, sparkling	1,484	702	32,458	16,321
278	All white wines (except sparkling), including these-called generous wines (vinos generosos), and all red or white dessert or liqueur wines:				
	a. In casks, barrels, or half barrels.....	898	199	174,865	133,611
	b. In bottles, flasks, demijohns, or other sim- ilar receptacles	253	66	9,833	3,809
279	Other wines:				
	a. In casks, barrels, or half barrels.....	3,537	1,791	1,573,785	1,202,561
	b. In bottles, flasks, demijohns, or other sim- ilar receptacles	2,280	597	88,506	34,209
280	Beer and cider:				
	a. Malt liquor, in casks	29,176	20,129	355	145
	b. Malt liquor, in bottles.....	286,173	72,367	268,648	53,062
	c. In casks, barrels, or half barrels	9	1	755	62
	d. In bottles, flasks, demijohns, or other sim- ilar receptacles	986	191	74,788	6,214
	GROUP 7.—Various.				
281	Saffron, safflower, and flowers of "tobar".....	6,228	1,557	98,883	34,722
282	Cinnamon of all kinds	62	15	998	249
283	Cinnamon, Chinese (Canelon), cloves, pepper, and nutmegs	7,652	1,913	465	117
284	Vanilla.....	1,414	356	201	50
285	Tea.....	478	120	5,876	1,562
286	Coffee in the bean or ground; chicory roots and chicory	1,814,706	840,885	769,744	139,444
287	Cocoa of all kinds, in the bean, ground, or in paste; cocoa butter.....	17,606	7,026	14,815	5,965
288	Chocolate and sweetmeats of all kinds, includ- ing the immediate packages.....	82,249	3,039	68,599	17,152
289	Pastes and fecules for soups and other alimen- tary purposes.....	5,750	1,440	16,650	4,167
290	Biscuits:				
	a. Ordinary	836	59	286	37
	b. Fine, of all kinds, including the immedi- ate package	33,815	5,831	38,353	3,706
291	Honey.....	18	4	16	8
292	Molasses.....	442	234	3	.....
293	Sugar, raw	26,284	13,960	1,977	1,339
294	Sugar, refined	1,532	612	.....	.....
295	Saccharine .....	.....	.....	.....	.....
	CLASS XIII.—MISCELLANEOUS GOODS.				
296	Fans.....	7,857	2,354	55,346	16,469
297	Trinkets and ornaments of all kinds, except those of gold and silver, or of gold or silver plate, or except those in which the predomi- nant substance is amber, jet, tortoise shell, coral, ivory, meerschaum, or mother-of-pearl, or except those in which the predominant substance is horn, whalebone, celluloid, bone, or compositions imitating these materials, or compositions imitating those mentioned in paragraph 298	8,060	1,534	7,963	1,432
298	Amber, jet, tortoise shell, coral, ivory, and mother-of-pearl, meerschaum:				
	a. Unwrought.....	154	39	260	69
	b. Wrought.....	6,158	1,558	55,422	14,622
299	Horn, whalebone, celluloid, and bone; also com- positions imitating these materials or those of the preceding number:				
	a. Unwrought.....	264	28	.....	.....
	b. Wrought.....	6,597	2,267	33,153	13,712
300	Walking sticks and sticks for umbrellas and parasols	1,019	229	5,552	1,304
301	Coffins and undertakers' fixtures .....	.....	.....	.....	.....

Status of import trade of Cuba—Continued.

Para- graph.	Articles.	From the United States.		From all other countries.	
		Value.	Duty.	Value.	Duty.
CLASS XIII.—MISCELLANEOUS GOODS—Continued.					
302	Hair, human, manufactured into articles of all kinds or any shape.....				
303	Cartridges, with or without projectiles or bullets, for unprohibited firearms; also primers and caps for such arms.....	\$4,248	\$2,048	\$1,064	\$512
304	Tarpaulins, coated with sand, for vans; felts and tow, tarred or coated with pitch.....	8,620	431	2,720	97
305	Oilcloths:				
	a. For floors and packing purposes.....	368	65	420	67
	b. Other.....	36,693	5,825	5,555	760
306	Cases:				
	a. Of fine wood or leather, lined with silk; other similar cases.....	4,598	687	13,372	2,748
	b. Of common wood, cardboard, osier, and the like, including letter files.....	22,836	1,740	68,508	5,220
307	Artificial flowers of tissue or wax, also pistils, buds, leaves, and seeds of any kind of material, for the manufacture of flowers.....	3,180	555	19,540	1,665
308	Matches of wax, wood, or cardboard, including the immediate packages.....	3,020	1,474	14,207	7,112
309	Caoutchouc and gutta-percha manufactured in any shape or into any kind of article, not otherwise provided:				
	a. Rubber hose and piston packing.....	3,660	740	3,580	560
	b. All other articles.....	29,284	5,924	27,944	4,480
310	Games and toys, except those of tortoise shell, ivory, mother-of-pearl, gold, or silver, and except those made of articles mentioned in paragraphs 296 and 299.....	19,324	4,041	85,689	16,989
311	Umbrellas and parasols.....	9,175	2,061	49,970	12,277
312	Oil and water-color paintings.....	1,962	492	1,314	323
313	Hats, bonnets, and caps of all kinds, finished or unfinished.....	29,801	5,972	357,195	71,439
314	Waterproof or caoutchouc stuffs, including boots and shoes of rubber:				
	a. On cotton tissue.....	14,642	2,962	13,972	2,240
	b. On woolen or silk tissue.....	18,303	3,454	17,465	2,802
315	On all other goods, wares, merchandise, and effects, not otherwise enumerated or provided for, except crude materials.....	29,150	7,287	9,716	2,429
316	On crude materials, not otherwise enumerated..	3,775	378	1,258	125
CLASS XIV.—TOBACCO.					
317	Tobacco:				
	a. In cakes, so-called "brevas," or in carrots.	64,243	20,957	.....	.....
	b. In powder or snuff, or otherwise manufactured.....	7,761	3,407	3,470	2,991
	c. Leaf tobacco, stemmed or unstemmed, whether wrapper or filler.....	.....	.....	.....	.....
	d. Cigars, cigarettes, cheroots of all kinds...	40	104	.....	.....
SPECIAL PROVISION.					
318	Passenger coaches, complete, erected or knocked down; freight cars, complete, erected or knocked down; trucks, wheels, axles, axle boxes, forgings, brasses, and fixtures for passenger coaches and freight cars; pine wood, prepared especially for freight cars; locomotives and tenders, locomotive boilers and locomotive furnaces, locomotive boiler plates and tubes, locomotive and tender frames; wheels, axles, axle boxes, brasses, and tanks for locomotive tenders; electric motors and machinery for power houses; turn-tables, transfer bridges; iron or steel bridge work, riveted or rolled; steel rails; points, crossings, signals, and accessories thereof; gate crossings, and metal ties.	1,061,868	106,187	108,669	16,858

EXHIBIT G.

[See pages 378, 381, 384, 385.]

CUBAN TARIFF (NOW IN FORCE), WITH SUGGESTED MODIFICATIONS,
AND OLD SPANISH TARIFF.

(Explanatory note.)

The following is the customs tariff at present in force in the island of Cuba, and opposite each paragraph and letter thereunder is a suggested per cent of increase in the present rates to be applied to goods from all countries except the United States. The second column shows what the duty would be with the increased per cent added. The third column shows what per cent of decrease is suggested on the new "world" rate for goods from the United States, and the fourth column shows what the duty would be on goods from the United States on their entry into Cuba. The fifth and sixth columns show the rates prescribed in the old Spanish-Cuban tariff for the world and for Spanish goods upon their importation into Cuba.

The result of these suggested modifications would be to make a maximum and minimum Cuban tariff, the maximum rates to be applicable to all except United States goods and the minimum rates to apply to United States goods.

It will be noted upon examination that in most of the paragraphs the rate is increased for the world over the present rates, and the decrease suggested for the United States brings the rate back to that at present in force. This plan is suggested because Cuba must collect from customs an amount equal to the present customs revenues in order to meet necessary current expenses.

CLASS I.—STONES, EARTHS, ORES, GLASS, AND CERAMIC PRODUCTS.

GROUP 1.—Stones and earths employed in building, arts, and manufactures.

1. Marble, jasper, and alabaster:

- | | | |
|---|----------|--------|
| a. In the rough or in dressed pieces, squared or prepared for shaping, G. W. | 100 kil. | \$0.50 |
| b. Slabs, plates, or steps of any dimension, polished or not, G. W., 100 kil. | | 1.00 |
| c. Sculptures, high and bas-reliefs, vases, urns, and similar articles for house decoration, T. (Disp. III, rule 5) | 100 kil. | 3.10 |
| d. Wrought or chisled into all other articles, polished or not, T. (Disp. III, rule 5) | 100 kil. | 2.00 |

2. Stones, other, natural or artificial:

- | | | |
|--|-----|------|
| a. Slabs, plates, or steps, G. W. | do. | .50 |
| b. Wrought into all other articles, T. (Disp. III, rule 5) | do. | 1.00 |

3. Earths employed in manufactures and arts, including lime and gypsum, G. W.

- | | | |
|------------------|-----|-----|
| a. Cement, G. W. | do. | .30 |
|------------------|-----|-----|

4. Gypsum manufactured into articles:

- | | | |
|--|-----|------|
| a. Statuettes, T. (Disp. III, rule 5) | do. | 3.00 |
| b. Articles, other, T. (Disp. III, rule 5) | do. | .75 |

GROUP 2.—Coal.

(See Free list.)

GROUP 3.—Schists, bitumens, and their derivatives.

5 Tar and mineral pitch, asphalt, bitumens, and schists, G. W. 100 kil. 60

NOTE.—Asphalt paving blocks and rock asphalt for paving purposes shall be dutiable under this paragraph in proportion to the percentage of asphaltum they contain, provided the duty be not less than 0.05 per 100 kil., G. W.

6. Crude oils derived from schists, including crude petroleum; axle grease for cars and carts, G. W. 100 kil. 1.40

Para- graph.	Increase for the world.		Decrease for United States.		Spanish tariff.	
	Per cent.	Duty.	Per cent.	Duty.	For the world.	For Spain.
1-a	-----	.75	-----	.50	.85	.50
b	33½	1.33½	25	1.00	2.50	1.00
c	33½	4.13½	25	3.10	5.80	3.10
d	33½	2.66½	25	2.00	4.00	2.00
2-a	33½	0.66½	25	0.50	1.50	0.50
b	33½	1.33½	25	1.00	2.60	1.00
3	33½	.26½	25	.20	1.10	.60
3-a	33½	.40	25	.30	1.10	.60
4-a	33½	4.00	25	3.00	8.00	3.00
b	33½	1.00	25	.75	2.00	.75
5	} Unchanged ----- }				1.10	1.10
6					3.08	3.08

7. Petroleum and other mineral oils, rectified or refined, intended for illumination or lubrication, G. W	100 kil..	\$2.80
a. A product from petroleum known under the name of cordage oil, imported by and used exclusively for cordage works in their manufacture of rope and cordage, provided that the importation be made at the direct demand of the president of the cordage company, and that the latter submit their works at all times to the inspection of the customs authorities, and that the importer give such bond as may be regarded necessary by the acting collector, G. W	100 kil..	.70
8. Benzine, gasoline, and mineral oils, not specially mentioned, including vaseline, G. W	100 kil..	4.70

GROUP 4.—Ores.

9. Ores, G. W	100 kil..	.10
---------------------	-----------	-----

GROUP 5.—Crystal and glass.

10. Common or ordinary hollow glassware; electric insulators, T. (Disp. III, rule 5)	100 kil..	1.00
11. Crystal, and glass imitating crystal:		
a. Articles, cut, engraved, or gilt, T. (Disp. III, rule 5)	100 kil..	14.00
b. Articles, other, T. (Disp. III, rule 5)	do....	7.00
12. Plate glass or plate crystal:		
a. Slabs, paving or roofing, T. (Disp. III, rule 5)	100 kil..	1.65
b. For windows or in other articles, provided they be neither polished, beveled, engraved, nor annealed, T. (Disp. III, rule 5)	100 kil..	3.40
c. Window glass set in lead and polished, or beveled plate glass, T. (Disp. III, rule 5)	100 kil..	5.90
d. Articles, engraved or annealed, T. (Disp. III, rule 5)	do....	9.80
13. Glass and crystal, tinned, silvered, or coated with other metals:		
a. Common mirrors not exceeding 2 mm., in thickness, coated with red or dark mercurial varnish, T. (Disp. III, rule 5)	100 kil..	10.00
b. Mirrors, other, not beveled, T. (Disp. III, rule 5)	do....	15.00
c. Mirrors, beveled, T. (Disp. III, rule 5)	do....	18.00
14. Glass and crystal, in other articles:		
a. In statuettes, flower stands, and vases and similar articles for toilet purposes and house decoration, T. (Disp. III, rule 5)	kilog..	.25
b. Spectacle and watch glasses; imitations of precious or fine stones; enamel, T. (Disp. III, rule 5)	kilog..	1.00
15. Incandescent electric lamps, mounted or not	hundred..	2.50

GROUP 6.—Pottery, earthenware, and porcelain.

16. Articles of fire clay, G. W	100 kil..	.30
17. Vitriified brick for paving purposes, vitriified block, vitriified brick for sewers, vitriified invert block, and vitriified invert brick for sewers, G. W	100 kil..	.05
18. Roofing tiles of clay, not glazed, for building purposes, per square (10 by 10 feet)		1.50
19. Vitriified clay and terra cotta sewer pipe, slabs or conduits of clay, glazed or unglazed, cement or stoneware, G. W	100 kil..	.25
20. Ceramic tiles of all kinds and glazed roofing tiles, per square (10 by 10 feet) ..		2.50
21. Hollow ware, glazed or not, of clay or stoneware:		
a. Household or kitchen utensils, except table ware, and provided they be not gilt, painted, or ornamented in relief, T. (Disp. III, rule 5), 100 kil .....		.80
b. Dishes or other articles, provided that they be neither gilt, painted, nor ornamented in relief, T. (Disp. III, rule 5)	100 kil..	3.00
c. Common bottles of earthenware, to contain beer, etc	do....	1.00
d. Flower pots of common earthenware, T. (Disp. III, rule 5)	do....	1.00
e. Articles, gilt, painted, or ornamented in relief, T. (Disp. III, rule 5), 100 kil		5.60

Para- graph.	Increase for the world.		Decrease for United States.		Spanish tariff.	
	Per cent.	Duty.	Per cent.	Duty.	For the world.	For Spain.
7					5.20	5.20
a					5.20	5.20
	Unchanged					
8					5.20	5.20
9					.20	.20
10	50	1.50	33½	1.00	2.30	.30
11-a	50	21.00	33½	14.00	28.00	10.00
b	50	10.50	33½	7.00	14.90	5.40
12-a			33½		3.30	1.65
b	50	4.10		3.40	6.80	3.40
c	50	7.35	33½	4.90	9.80	4.00
d	50	14.70	33½	9.80	19.60	8.00
13-a	50	15.00	33½	10.00	20.00	8.00
b	50	22.50	33½	15.00	30.00	12.50
c	50	21.00	33½	18.00	36.00	15.00
14-a	50	.37½	33½	.25	1.15	.55
b	50	1.50	33½	1.00	1.15	.55
15	50	3.75	33½	2.50	3.00	3.00
16	100	.60	50	.30	1.00	.30
17	100	.10	50	.05	1.50	.50
18	33½	2.00	25	1.50	.....	.....
19	100	.50	50	.25	.....	.....
20	100	5.00	50	2.50	.....	.....
21-a	150	2.00	60	.80	2.00	.75
b	150	7.50	60	3.00	8.85	3.00
c	100	2.00	50	1.00	.....	.....
d	.....	1.00	50	.50	.....	.....
e	.....	5.50	50	2.80	14.50	4.00

22. Faience in dishes or hollow ware:
 a. Neither painted, gilt, nor in relief, T. (Disp. III, rule 5)100 kil.. \$3.50
 b. Gilt, painted, or with ornaments in relief, T. (Disp. III, rule 5),
 100 kil 6.40
23. Porcelain in dishes or hollow ware:
 a. Neither painted, gilt, nor in relief, T. (Disp. III, rule 5)100 kil.. 5.80
 b. Painted, gilt, or with ornaments in relief, T. (Disp. III, rule 5),
 100 kil 9.30
24. Statuettes, flower stands, and vases, high and bas reliefs, articles for toilet purposes (*adornos de tocador*) and house decoration, of fine clay, faience, stoneware, porcelain, or bisque, T. (Disp. III, rule 5)kilog.. .25

CLASS II.—METALS, AND ALL MANUFACTURES IN WHICH A METAL ENTERS AS A PRINCIPAL ELEMENT.

GROUP 1.—Gold, silver, and platinum and alloys of these metals, and gold and silver plate.

25. Gold and platinum or alloys thereof in jewelry, with or without precious stones or pearls; silver in jewelry with precious stones or pearls; and precious stones, pearls, and seed pearls, not set, N. Whectog.. 7.50
26. Gold or platinum or alloys thereof wrought in articles, other, of all kinds, N. Whectog.. 2.80
27. Silver in ingots, bars, plates, sheets, or powder, N. Wkilog.. 2.60
28. Silver, in jewelry, without precious stones or pearls, N. Whectog.. 1.50
29. Silver wrought in articles, other, of all kinds, and platinum in ingots, N. Wkilog.. 8.00
30. Gold and silver plated ware of all kinds, and jewelry made of metal, gold or silver plated, with or without precious stones or imitations thereofper cent ad valorem.. 25

GROUP 2.—Cast iron (I).

(I) Articles of malleable cast iron are dutiable as manufactures of wrought iron.

Cast iron:

31. Pigs, G. W100 kil.. .10
32. Articles not coated or ornamented with another metal or porcelain, neither polished or turned—
 a. Bars, beams, plates, grates for furnaces, columns, and pipes, G. W100 kil.. .50
 b. Lubricating boxes for railway trucks and carriages, and railway chairs, G. W100 kil.. .35
 c. Articles, other, G. Wdo.... .75
33. Articles of all kinds not coated or ornamented with another metal or porcelain, polished or turned, T. (Disp. III, rule 5)100 kil.. 1.20
34. Articles of all kinds, enameled, gilt, tinned or coated, or ornamented with other metals or porcelain, T. (Disp. III, rule 5)100 kil.. 2.30

GROUP 3.—Wrought iron and steel.

35. Iron, soft or wrought, in ingots or "tochos," steel in ingots, G. W., 100 kil40
36. Wrought iron or steel, rolled—
 a. Rails, G. W100 kil.. .50
 b. Bars of all kinds, including rods; tires, and hoops, G. W ..100 kil.. .90
 c. Bars of all kinds of fine crucible steel, G. W100 kil.. 1.60

Para- graph.	Increase for the world.		Decrease for United States.		Spanish tariff.	
	Per cent.	Duty.	Per cent.	Duty.	For the world.	For Spain.
22-a	150	8.75	60	3.50	8.85	3.00
b	150	16.00	60	6.40	16.00	4.50
23-a	150	14.50	60	5.80	14.50	4.00
b	150	22.95	60	9.30	23.35	5.00
24	150	.62½	60	.25	.47	.12
25	100	15.00	50	7.50	7.50	7.50
26	100	3.60	50	2.80	2.80	2.80
27	100	5.20	50	2.60	2.60	2.60
28	100	3.00	50	1.50	1.50	1.50
29	100	16.00	50	8.00	8.00	8.00
30	100	50%	50	25%	2.40	1.20
31	100	\$0.20	50	\$0.10	.50	.20
32-a	100	1.00	50	.50	1.20	.60
b	100	.70	50	.35	.75	.....
33	100	1.50	50	.75	2.25	.75
	100	2.40	50	1.20	3.60	1.20
34	100	4.60	50	2.30	5.80	1.80
35	100	.80	50	.40	1.00	.40
36-a	10	.55	40	.33	.85	.....
b	22	1.10	30	.77	2.40	.90
c	.....	1.60	25	1.20	4.10	1.50

37. Sheets, rolled—		
a. Neither polished nor tinned, of 3 millimeters and more in thickness, G. W	100 kil..	\$1. 10
b. Neither polished nor tinned, of less than 3 millimeters in thickness, and hoop iron, G. W	100 kil..	1. 20
c. Tinned and tin plate, G. W	do....	1. 50
d. Polished, corrugated, perforated, cold-rolled, galvanized or not, and bands of polished hoop iron, G. W	100 kil..	1. 30
38. Wrought iron or steel:		
Cast in pieces, in the rough, neither polished, turned, nor adjusted, weighing, each—		
a. 25 kil. or more, G. W	100 kil..	1. 00
b. Less than 25 kil., G. W	do....	1. 35
39. Cast in pieces, finished—		
a. Wheels, weighing more than 100 kilograms, fish plates, chairs, sleepers, and straight axles; springs for railways and tramways; lubricating boxes, G. W	100 kil..	. 60
b. Wheels weighing 100 kilograms or less; springs other than for railways and tramways; bent axles and cranks, G. W	100 kil..	1. 40
40. Pipes—		
a. Covered with sheet brass, G. W	do....	1. 40
b. Other, galvanized or not, G. W	do....	1. 40
41. Wire, galvanized or not—		
a. 2 millim. or more in diameter, T. (Disp. III, rule 5)	do....	1. 00
b. More than $\frac{1}{2}$ and up to 2 millim. in diameter, T. (Disp. III, rule 5)	100 kil..	1. 30
c. $\frac{1}{2}$ millim. or less in diameter, and wire covered with any kind of tissue, T. (Disp. III, rule 5)	100 kil..	1. 60
42. In large pieces, composed of bars, or bars and sheets fastened by means of rivets or screws; the same, unriveted, perforated, or cut to measure for bridges, frames, and other buildings, G. W	100 kil..	1. 80
43. Anchors, chains for vessels or machines, moorings, switches, and signal disks, G. W	100 kil..	. 80
44. Anvils, G. W	do....	2. 50
45. Wire gauze:		
a. Up to 20 threads per inch, T. (Disp. III, rule 5)	do....	5. 00
b. Of 20 threads or more per inch, T. (Disp. III, rule 5)	kilog..	. 10
46. Cables, fencing (barbed wire, including fasteners for the same), and netting; furniture springs, G. W	100 kil..	1. 00
47. Tools and implements (not apparatus):		
a. Fine, for arts, trades, and professions, of crucible steel, T. (Disp. III, rule 5)	100 kil..	8. 00
b. Other, T. (Disp. III, rule 5)	do....	2. 50
48. Screws, nuts, bolts, washers, and rivets; nails, clasp nails, tacks, and brads, T. (Disp. III, rule 5)	100 kil..	1. 50
49. Saddlery hardware:		
a. Made of iron or steel, bits, spurs, and all finishes for common harness, T. (Disp. III, rule 5)	100 kil..	3. 00
b. Made of composition or materials other than iron or steel, shall be dutiable according to its chief component material.		
50. Buckles:		
a. Nickeled, T. (Disp. III, rule 5)	kilog..	. 20
b. Other, T. (Disp. III, rule 5)	do....	. 15
51. Needles, sewing or embroidering, pins, and pens, N. W. (Disp. III, rule 9)	kilog..	. 30
52. Crochet hooks, hooks, and hairpins, N. W. (Disp. III, rule 9)	do....	. 30
53. Cutlery:		
a. With common wooden handles, such as used by butchers, shoemakers, saddlers, and cooks, including table knives and forks with common wooden handles, T. (Disp. III, rule 5)	kilog..	. 20
b. All other cutlery (except pocket cutlery), including scissors; fishing hooks, T. (Disp. III, rule 5)	kilog..	. 40
c. Surgical, including dental instruments; pocket cutlery, side arms (not fire) and pieces for same; razors, T. (Disp. III, rule 5)	kilog..	. 60

Para- graph.	Increase for the world.		Decrease for United States.		Spanish tariff.	
	Per cent.	Duty.	Per cent.	Duty.	For the world	For Spain.
37-a	.....	1. 10	50	.55	2.90	1. 10
b	.....	1. 20	25	.90	3.45	1 20
c	46½	2. 20	50	1. 10	4.60	1.50
d	.....	1. 30	23	1.00	3.90	1.30
38-a	.....	1. 00	20	.80	2.60	1.00
b	.....	1. 35	26	1.00	3.70	1.15
39-a	.....	.60	16½	.50	1.20	.....
b	.....	1.40	21½	1.10	4.20	1.40
40-a	.....	1.40	29	1.00	4.15	1.40
b	.....	1.40	29	1.00	3.60	1.40
41-a	25	1.25	20	1.00	3.25	1.00
	25	1.62½	20	1.30	4.05	1.30
c	25	2.00	20	1.60	5.10	1.60
42	25	2.25	20	1.80	4.00	1.80
43	25	1.00	20	.80	1.65	.....
44	25	3.12½	20	2.50	.80	.....
45-a	10	5.50	20	4.40	6.50	2.00
b	25	.12½	20	.10	.16	.06
46	20	1.20	25	.90	3.10	1.00
47-a	10	8.80	25	6.60	20.00	8.00
b	32	3.30	33½	2.20	8.00	2.50
48	33½	2.00	45	1.10	4.20	1.00
49-a	10	3.30	33½	2.20	.....	.....
b	.....	.....	.....	.....	.....	.....
50-a	50	.30	50	.15	.25	.20
b	33½	.20	50	.10	.22½	.15
51	33½	.40	50	.20	1.30	.60
52	33½	.40	50	.20	.60	.30
53-a	100	.40	30	.20	.80	.40
b	100	.80	50	.40	.80	.40
c	100	1.20	50	.60	.60	.30

54. Small arms and barrels:		
a. Barrels, unfinished, for portable arms, G. W.	kilog..	\$0.25
b. Barrels, finished, for portable arms, G. W.	do....	.60
c. Small arms, such as pistols and revolvers, also their detached parts, except barrels, T. (Disp. III, rule 5)	kilog..	2.50
55. Sporting arms, breech and muzzle loading, and detached parts thereof, except barrels	per cent ad valorem..	25
56. Manufactures of tin plate, T. (Disp. III, rule 5)	100 kil..	4.00
Wrought iron or steel:		
57. Articles of all kinds not specially mentioned, common, even coated with lead, tin, or zinc, or painted or varnished, T. (Disp. III, rule 5), 100 kil.		3.00
58. Articles of all kinds not specially mentioned, fine, i. e., polished, enameled, coated with porcelain, nickel, or other metals (with the exception of lead, tin, or zinc), or with ornaments, borders, or parts of other metals, or combined with glass or earthenware, T. (Disp. III, rule 5)	100 kil..	4.00

GROUP 4.—Copper and alloys of common metals with copper (brass, bronze, etc.).

59. Copper scales (<i>laminae</i>), copper of first fusion, old copper, brass, etc., G. W., 100 kil		3.00
60. Copper and alloys of copper: In ingots, G. W.	100 kil..	4.00
61. Rolled in bars of all kinds, G. W.	do....	4.50
62. Rolled in sheets, G. W.	do....	5.00
63. Wire, galvanized or not—		
a. 1 millimeter and more in diameter, T. (Disp. III, rule 5)	do....	6.00
b. Less than 1 millimeter in diameter, T. (Disp. III, rule 5)	do....	7.50
c. Gilt, silvered, or nickeled, T. (Disp. III, rule 5)	kilog..	.50
64. Wire covered with tissues or insulating materials; conducting cables for electricity over public thoroughfares, T. (Disp. III, rule 5), 100 kil		7.50
65. Wire gauze—		
a. Up to 100 threads per inch, T. (Disp. III, rule 5)	kilog..	.20
b. Of 100 threads or more per inch, T. (Disp. III, rule 5)	do....	.40
66. Pipes, bearings, plates for fireplaces, and boiler makers' wares partially wrought, G. W.	100 kil..	4.50
67. Nails and tacks, except as included in paragraph 301—		
a. Gilt or nickeled, T. (Disp. III, rule 5)	kilog..	.20
b. Other, T. (Disp. III, rule 5)	do....	.12
68. Pins or pens, crochet hooks, or hairpins, N. W. (Disp. III, rule 9)	do....	.60
69. Articles not specially mentioned, varnished or not, T. (Disp. III, rule 5)	kilog..	.20
70. Articles, gilt or nickeled, not specially mentioned, except when exclusively used for sanitary constructions, T. (Disp. III, rule 5)	kilog..	.50
a. In articles, gilt or nickeled, when exclusively used for sanitary constructions, T. (Disp. III, rule 5)	kilog..	.20

GROUP 5.—Other metals and their alloys.

71. Mercury, G. W.	kilog..	.20
72. Nickel, aluminum, and their alloys:		
a. In lumps or ingots, G. W.	100 kil..	3.00
b. In bars, sheets, pipes, and wire, G. W.	do....	7.00
c. In other articles of all kinds, T. (Disp. III, rule 5)	kilog..	.50
73. Tin and alloys thereof (Britannia metal):		
a. In lumps or ingots, G. W.	100 kil..	4.00
b. In bars, sheets, pipes, and wire, G. W.	do....	7.00
c. Hammered in thin leaves (tin foil) and capsules for bottles, T. (Disp. III, rule 5)	kilog..	.04
d. In other articles of all kinds, T. (Disp. III, rule 5)	do....	.50

Para- graph	Increase for the world.		Decrease for United States.		Spanish tariff.	
	Per cent.	Duty.	Per cent.	Duty.	For the world.	For Spain.
54-a	60	.40	37½	.25	.40	.25
b	66½	1.00	40	.60	-----	-----
c	32	3.30	33½	2.20	2.00	1.00
55	100	50%	50	25%	-----	-----
56	10	4.40	25	3.30	10.90	3.00
57	10	3.30	33½	2.20	7.40	2.00
58	10	4.40	25	3.30	9.00	2.50
59	50	4.50	33½	3.00	7.00	8.00
60	50	6.00	33½	4.00	8.90	4.00
61	22	5.50	20	4.40	11.70	4.50
62	10	5.50	20	4.40	14.00	5.00
63-a	10	6.60	16½	5.50	14.50	4.00
b	-----	7.50	20	6.00	16.60	4.00
c	50	.75	33½	.50	1.00	.50
64	10	8.25	20	6.60	15.00	15.00
65-a	50	.30	33½	.20	16.60	5.00
b	50	.60	33½	.40	.35	.10
66	22	5.50	20	4.40	9.55	-----
67-a	50	.30	50	.15	.50	.20
b	25	.15	33½	.10	.24	.12
68	25	.75	33½	.50	1.40	.60
69	25	.25	20	.20	.60	.20
70	25	.62½	20	.50	1.10	.30
a	25	.25	20	.20	1.10	.30
71	-----	.20	-----	.20	.40	.40
72-a	-----	3.00	-----	3.00	5.60	5.60
b	-----	7.00	-----	7.00	5.60	5.60
c	20	.60	25	.45	5.60	5.60
73-a	10	4.40	25	3.30	10.00	4.00
b	10	7.70	14	6.60	10.00	4.00
c	50	.06	33½	.04	10.00	4.00
d	50	.75	40	.45	10.00	4.00

74. Zinc, lead, and other metals, not specially mentioned, and their alloys:		
a. In lumps or ingots, G. W	100 kil..	\$1.00
b. In bars, sheets, pipes, and wire, including shot, G. W	do....	1.50
c. In articles, gilt or nickeled, except when exclusively used for sanitary constructions, T. (Disp. III, rule 5)	kilog..	.30
d. In articles, gilt or nickeled, when exclusively used for sanitary constructions,† T. (Disp. III, rule 5)	kilog..	.20
e. Zinc nails and tacks, neither gilt nor nickeled, T. (Disp. III, rule 5)	kilog..	.07
f. In other articles, including type, T. (Disp. III, rule 5)	do....	.15

GROUP 6.—Wastes and scoria.

75. Filings, shavings, cuttings of iron or steel, and other wastes of cast iron or from the manufacture of common metals, fit only for resmelting, G. W., 100 kil.....		.15
76. Scoria resulting from the smelting of ores, G. W.....	100 kil..	.03

CLASS III.—SUBSTANCES EMPLOYED IN PHARMACY AND CHEMICAL INDUSTRIES, AND PRODUCTS COMPOSED OF THESE SUBSTANCES.

GROUP 1.—Simple drugs.

77. Oleaginous seeds, copra or cocoanuts, G. W	100 kil..	\$2.00
78. Resins and gums:		
a. Colophany, pitch (vegetable), and similar products, G. W.....	do....	.50
b. Spirits of turpentine, T. (Disp. III, rule 5)	do....	2.50
c. Caoutchouc and gutta-percha, raw or melted in lumps, G. W.....	do....	3.00
79. Extracts of licorice, champhor, aloes, and other similar vegetable juices, G. W	100 kil..	5.25
80. Tan bark, G. W	do....	.25
81. Opium, G. W	kilog..	6.00
82. Other simple vegetable products, not specially mentioned, G. W.....	100 kil..	2.75
83. Animal products employed in medicine, not specially mentioned, G. W., 100 kil.....		1.80

GROUP 2.—Colors, dyes, and varnishes.

84. Natural colors, in powder or in lumps (ochers, etc.), G. W	100 kil..	.60
85. Artificial colors of metallic bases:		
a. In powder or lumps, G. W.; T. (Disp. III, rule 4)	do....	2.55
b. Prepared in the paste, oil, or water; also lead or colored pencils, G. W.; T. (Disp. III, rule 4)	100 kil..	5.00
86. Other artificial colors, in powder, crystals, lumps, or paste, including lithographic inks, G. W.; T. (Disp. III, rule 4)	kilog..	.25
87. Natural dyes:		
a. Woods, barks, roots, etc., for dyeing, G. W.....	100 kil..	.20
b. Madder, G. W.....	do....	4.50
c. Indigo and cochineal, G. W.....	kilog..	.20
88. Artificial dyes:		
a. Extracts from logwood, archil, and other dyeing extracts, G. W.; T. (Disp. III, rule 4)	100 kil..	5.00
b. Writing, drawing, or printing inks, G. W.; T. (Disp. III, rule 4)	do....	3.00
c. Colors derived from coal, G. W.; T. (Disp. III, rule 4)	kilog..	.20
89. Varnishes, G. W.; T. (Disp. III, rule 4)	100 kil..	7.50
90. Blacking, G. W.....	do....	3.00

GROUP 3.—Chemical and pharmaceutical products.

91. Simple bodies:		
a. Sulphur, G. W	100 kil..	.15
b. Bromine, boron, iodine, and phosphorus. Phosphorus, T. (Disp. III, rule 5); other, G. W.....	kilog..	.18
92. Inorganic acids:		
a. Hydrochloric, boric, nitric, and sulphuric, also aqua regia, G. W., 100 kil.....		.30
b. Liquid carbonic acid, N. W	100 kil..	5.00
c. Other, G. W.....	do....	5.00

Paragraph.	Increase for the world.		Decrease for United States.		Spanish tariff.	
	Per cent.	Duty.	Per cent.	Duty.	For the world.	For Spain.
74-a	10	1.10	50	.55	2.50	1.50
b	10	1.65	33½	1.10	2.50	1.50
c	33½	.40	25	.30	2.50	1.50
d	25	.25	20	.20	2.50	1.50
e	43	.10	50	.05	2.50	1.50
f	33½	.20	40	.12	2.50	1.50
75	33½	.20	25	.25	.30	.30
76	66½	.05	40	.03	.05	.05
77	-----	2.00	25	1.50	-----	-----
78-a	100	1.00	50	.50	1.00	1.00
b	20	3.00	16½	2.50	6.75	2.50
c	10	3.30	33½	2.20	6.00	6.00
79	-----	5.25	40	3.15	9.00	5.25
80	-----	.25	20	.20	.45	.25
81	-----	6.00	-----	6.00	2.30	2.30
82	100	5.50	50	2.75	5.50	2.75
83	-----	1.80	33½	1.20	3.00	1.80
84	33½	.80	25	.60	1.10	.60
85-a	66½	4.25	50	2.12½	5.10	2.55
b	20	6.00	25	4.50	11.90	5.95
86	60	.40	50	.20	.41	.25
87-a	50	.30	33½	.20	.40	.20
b	-----	4.50	33½	3.00	9.00	4.50
c	50	.30	33½	.20	.35	.20
88-a	-----	5.00	40	3.00	8.00	5.00
b	66½	5.00	40	3.00	8.95	3.00
c	-----	.20	25	.15	.38	.20
89	33½	10.00	25	7.50	15.00	7.50
90	-----	3.00	50	1.50	8.00	3.00
91-a	66½	.25	40	.15	.45	.15
b	66½	.30	40	.18	.35	.35
92-a	33½	.40	25	.30	.75	.30
b	-----	5.00	-----	5.00	10.00	10.00
c	-----	5.00	-----	5.00	10.00	10.00

93. Organic acids:		
a. Oxalic, citric, tartaric, and carbollic, G. W.....	100 kil..	\$1.00
b. Oleic, stearic, and palmetic, G. W.....	do.....	1.40
c. Acetic, G. W.....	do.....	6.00
d. Other, G. W.....	do.....	5.00
94. Oxides and oxyhydrates: Of ammoniac, potash, and other caustic and barilla alkalies, G. W.....		
	100 kil..	.25
95. Inorganic salts:		
a. Chloride of sodium (common salt), crude, G. W.....	do.....	.25
b. Chloride of sodium (common salt), ground, powdered, manufactured or otherwise, G. W.....	100 kil..	.50
c. Chloride of potassium; sulphates of soda, iron, or magnesia; carbonate of magnesia; alum, G. W.....	100 kil..	.40
d. Sulphate of ammoniac; phosphates and superphosphates of lime; nitrate of potash and soda, G. W.....	100 kil..	.00
e. Other salts of ammoniac, salts of copper, chloride of lime, sulphate of potash, hyposulphite of soda and borax; sal soda, G. W.....	100 kil..	.75
f. Chlorates of soda and potash, G. W.....	do.....	1.80
96. Organic salts:		
a. Acetates and oxalates, G. W.....	100 kil..	2.50
b. Citrates and tartrates, T. (Disp. III, rule 5).....	do.....	3.00
97. Alkaloids and their salts; chlorides of gold and silver, N. W.....	kilog..	6.70
98. Chemical products not specially mentioned, G. W.; T. (Disp. III, rule 4), kilog.....		.00
99. Pills, including those of quinine, capsules, medicinal, dragees, and the like, T. (Disp. III, rule 5).....	kilog..	.25
100. Pharmaceutical products not specially mentioned, T. (Disp. III, rule 5), kilog.....		.10

GROUP 4.—Oils, fats, wax, and their derivatives.

101. Vegetable oils:		
a. Solid (cocoanut, palm, etc.), G. W.....	100 kil..	3.00
b. Liquid, except olive oil and cotton-seed oil, G. W.....	do.....	3.00
c. Cotton-seed oil, to be used exclusively in the manufacture of soap, provided that the importation be made at the direct demand of the manufacturers of soap, and that the latter submit their works at all times to the inspection of the customs authorities, and that the importer give such bond as may be regarded necessary by the acting collector, G. W.....	100 kil..	.50
102. Crude oils and animal fats:		
a. Cod-liver oil and other medicinal oils, not refined, G. W.....	do.....	1.50
b. Glycerin, olein, stearin, and spermaceti, crude, G. W.....	do.....	1.40
c. Other crude oils and fats, including olein and tallow, when to be used in the manufacture of soaps, G. W.....	100 kil..	.50
103. Mineral, vegetable, or animal wax, unwrought, and paraffin in lumps, G. W.....	100 kil..	2.50
104. Articles of stearin and paraffin, wax of all kinds, wrought, T. (Disp. III, rule 5).....	100 kil..	5.00
105. Soap:		
a. Common soap in bars, including castile soap and ordinary scouring compositions, G. W.; T. (Disp. III, rule 4).....	100 kil..	3.00
b. Ordinary toilet soaps in cakes or tablets, G. W.; T. (Disp. III, rule 4).....	100 kil..	10.00
c. Fine toilet soaps, whether fancy, perfumed, or not, and all others, including so-called medicinal or medicated soaps, G. W.; T. (Disp. III, rule 4).....	100 kil..	20.00
106. Perfumery and essences:		
a. Of value less than \$1.25 per kilog.....	kilog..	.25
b. Of value more than \$1.25 per kilog.....	do.....	.25
	and 25 per cent ad valorem.	

GROUP 5.—Various.

107. Artificial or chemical fertilizers, G. W.....	100 kil..	.50
108. Starch and feculæ for industrial uses; dextrin and glucose, G. W.; T. (Disp. III, rule 4).....	100 kil..	1.40
109. Glues, albumens, and gelatin, G. W.....	do.....	3.00
110. Carbons prepared for electric lighting, G. W.....	do.....	3.00

Para- graph.	Increase for the world.		Decrease for United States.		Spanish tariff.	
	Per cent.	Duty.	Per cent.	Duty.	For the world.	For Spain.
93-a	50	1.50	33½	1.00	1.50	1.00
b	.....	1.40	.....	1.40	5.15	1.40
c	.....	6.00	.....	6.00	12.00	12.00
d	.....	5.00	.....	5.00	10.00	10.00
94	60	.40	50	.20	.90	.25
95-a	100	.40	50	.20	1.45	1.10
b	100	1.00	50	.50	1.45	1.10
	33½	.60	25	.45	1.15	.80
d	66½	.05	40	.03	.05	.05
e	33½	1.00	25	.75	1.50	1.50
f	33½	2.40	25	1.80	3.60	3.60
96-a	.....	2.50	20	2.00	5.00	5.00
b	.....	3.00	20	2.40	6.00	6.00
97	.....	6.75	26	5.00	13.50	13.50
98	100	.10	50	.05	.15	.05
99	100	.50	40	.25	.75	.25
100	100	.20	50	.10	.35	.10
101-a	.....	3.00	50	1.50	7.00	2.50
b	100	.00	50	3.00	11.00	3.00
c	.....	.50	.....	1.50	.....	.....
102-a	.....	1.50	.....	1.50	.....	.....
b	50	2.10	33½	1.40	5.15	1.40
c	50	.75	33½	.50	.....	.....
103	.....	2.50	40	1.50	5.15	5.15
104	100	10.00	50	5.00	10.90	2.40
105-a	100	6.00	50	3.00	.....	.....
b	100	20.00	50	10.00	.....	.....
c	50	30.00	33½	20.00	3.50	.50
106-a	100	.50	50	.25	.....	.....
b	100	.50	50	.25	.....	.....
and	100	50%	50	25%	.53	.20
107	.....	.05	.....	.05	.....	.....
108	100	2.80	50	1.40	4.90	1.40
109	33½	5.20	25	3.90	7.80	4.20
110	.....	3.00	20	2.40	6.00	6.00

111. Gunpowder and explosives:

- a. Gunpowder, explosive compounds, and miners' fuses, G. W.; T. (Disp. III, rule 4) 100 kil.. \$4.00
- b. Gunpowder, sporting, and other explosive not intended for mines, including fireworks of all kinds, N. W. kilog.. .20

CLASS IV.—COTTON AND MANUFACTURES THEREOF.

GROUP 1.—Cotton in the wool and yarns.

112. Cotton in the wool and cotton waste, G. W. 100 kil.. \$1.00
113. Cotton yarn and thread for crocheting, embroidering, and sewing, including the weight of reels, N. W. (Disp. III, rule 9) kilog.. .33

GROUP 2.—Tissues.

NOTE I.—When the tissues included in the numbers of this group contain an admixture, they shall, according to kind, be liable to the following surtaxes (see Disp. I).

1. Cotton tissues containing threads of hemp, jute, linen, ramie, or pita shall be liable to a surtax of 15 per cent of the duties applicable thereto, provided that the number of these threads of hemp, jute, linen, ramie, or pita, counted in the warp and weft, does not exceed one-fifth of the total number of threads composing the tissue.

When the number of threads of hemp, jute, linen, ramie, etc., exceeds one-fifth of the total, the tissues shall be subject to the corresponding duties of Class V.

2. Cotton tissues containing threads of wool, flock wool, hair, or wastes of these materials shall be liable to a surtax of 35 per cent of the duties applicable thereto, provided that the number of threads of wool, flock wool, hair, or their wastes, counted in the warp and weft, does not exceed one-fifth of the total number of threads composing the tissue.

When the number of threads of wool, flock wool, hair, or their wastes exceeds one-fifth of the total, the tissues shall be subject to the corresponding duties of Class VI, as tissues mixed with wool.

3. Cotton tissues containing threads of silk or floss silk shall be liable to a surtax of 70 per cent of the duties applicable thereto, provided that the number of silk or silk-floss threads, counted in the warp and weft, does not exceed one-fifth of the total number of threads composing the tissue.

When the number of threads of silk or floss silk exceeds one-fifth of the total, the tissues shall be subject to the corresponding duties of Class VII.

The provisions of this note shall not apply to knitted stuffs, tulles, lace, blondes, and tulles for borders (see Disp. I, rule 6), to ribbons (Disp. I, rule 7), or to trimmings (Disp. I, rule 7).

NOTE II.—Articles included in this group which are within the undermentioned conditions shall be liable to the following surtaxes (see Disp. I):

(a) Tissues, brochés, or woven like brocades with silk or floss silk, shall be liable to the duties leviable thereon plus a surtax of 35 per cent.

(b) Tissues embroidered by hand or by machine after weaving or with application of trimmings shall be liable to the duties leviable thereon plus a surtax of 30 per cent.

Should the embroidery contain threads, purl, or spangles of common metals or of silver, the surtax shall amount to 60 per cent of the duties applicable to the tissue.

When the threads, purl, or spangles are of gold, the surtax shall be 100 per cent.

(c) Tissues and trimmings containing threads or purl of common metals or silver shall be liable to a surtax of 50 per cent of the duties leviable thereon.

When the threads or purl are of gold, the surtax shall amount to 100 per cent.

(d) Tissues entirely or partially made up into sacks shall be liable to the duties applicable thereto plus a surtax of 15 per cent.

Para- graph.	Increase for the world.		Decrease for United States.		Spanish tariff.	
	Per cent.	Duty.	Per cent.	Duty.	For the world.	For Spain.
111-a	25	5.00	20	4.00	12.50	4.00
b	50	.30	33 $\frac{1}{3}$	.20	.35	.20
112	50	1.50	33 $\frac{1}{3}$	1.00	2.00	2.00
113	.....	.33	33 $\frac{1}{3}$	.22	.68	.18

Shawls called "mantones" and "pañolones," traveling rugs, counterpanes, sheets, towels, tablecloths and napkins, mantles, veils, shawls, hemmed fichus, and handkerchiefs shall, for the making up, be liable to a surtax of 30 per cent of the duties leviable thereon.

Other made-up articles, wearing apparel, and clothing of all kinds, except corsets, finished, half finished, or simply basted, shall, for their total weight, be liable to the duties leviable on the principal component tissue on their most visible exterior part, plus a surtax of 100 per cent.

Articles of hosiery specially mentioned shall not be liable to the payment of the surtax for making up.

114.	Tissues, plain and without figures, napped or not, weighing 10 kilograms or more per 100 square meters, unbleached, bleached, or dyed, having—	
a.	Up to 9 threads, N. W.	kilog.. \$0. 13
b.	From 10 to 15 threads, N. W.	do.... .17
c.	From 16 to 19 threads, N. W.	do.... .23
d.	20 threads or more, N. W.	do.... .35
114e.	The same tissues, printed or manufactured with dyed yarns: Dutiable as the tissue, with a surtax of 30 per cent, N. W.	
115.	Tissues, plain and without figures, napped or not, weighing less than 10 kilograms per 100 square meters, unbleached, bleached, or dyed, having—	
a.	Up to 6 threads, N. W.	kilog.. .15
b.	From 7 to 11 threads, N. W.	do.... .20
c.	From 12 to 15 threads, N. W.	do.... .27
d.	From 16 to 19 threads, N. W.	do.... .37
e.	20 threads or more, N. W.	do.... .50
115f.	The same tissue, printed or manufactured with dyed yarns: Dutiable as the tissues, with a surtax of 40 per cent, N. W.	
116.	Tissues, twilled or figured on the loom, napped or not, weighing 10 kilograms or more per 100 square meters, unbleached, bleached, or dyed, having—	
a.	Up to 6 threads, N. W.	kilog.. .15
b.	From 7 to 11 threads, N. W.	do.... .18
c.	From 12 to 15 threads, N. W.	do.... .20
d.	From 16 to 19 threads, N. W.	do.... .32
e.	20 threads or more, N. W.	do.... .42
116f.	The same tissues, printed or manufactured with dyed yarns: Dutiable as the tissue, with a surtax of 30 per cent, N. W.	
117.	Tissues, twilled or figured on the loom, napped or not, weighing less than 10 kilograms per 100 square meters, unbleached, bleached, or dyed, having:	
a.	Up to 6 threads, N. W.	kilog.. .18
b.	From 7 to 11 threads, N. W.	do.... .23
c.	From 12 to 15 threads, N. W.	do.... .32
d.	From 16 to 19 threads, N. W.	do.... .43
e.	20 threads or more, N. W.	do.... .55
117f.	The same tissues, printed or manufactured with dyed yarns: Dutiable as the tissues, with surtax of 40 per cent, N. W.	
118.	Tissues for counterpanes, N. W.	do.... .24
119.	Piqués of all kinds, N. W.	do.... .45
120.	Carded tissues:	
a.	Unbleached, half bleached, or dyed in the piece, N. W.	do.... .08
b.	Bleached, printed, or manufactured with dyed yarns, N. W.	do.... .20
121.	Velvety tissues, such as corduroys and velveteens; three-ply plush tissues, cut or not, N. W.	kilog.. .47
122.	Knitted goods, even with needlework	do.... .30
a.	Undershirts and drawers of simple finish or rough sewing, N. W., kilog.	do.... .70
b.	Undershirts and drawers of double sewing or fine finish, N. W., kilog.	do.... .80
c.	Stockings, socks, gloves, and other small articles of simple finish or rough sewing, N. W.	kilog.. .70
d.	Stockings, socks, gloves, and other small articles of double sewing or fine finish, N. W.	kilog.. .90
123.	Tulles:	
a.	Plain, N. W.	do.... .70
b.	Figured or embroidered on the loom, N. W.	do.... .92
124.	Lace, blondes, and tulle for borders, of all kinds, N. W.	do.... 1. 46

Para-graph.	Increase for the world.		Decrease for United States.		Spanish tariff.	
	Per cent.	Duty.	Per cent.	Duty.	For the world.	For Spain.
14-a	66½	.22	40	.13	.26	.08
b	66½	.28	40	.17	.34	.12
c	66½	.38	40	.23	.46	.18
d	66½	.58	40	.35	.70	.30
115-a	66½	.25	40	.15	.30	.10
b	66½	.33	40	.20	.39	.14
c	66½	.45	40	.27	.55	.20
d	66½	.62	40	.37	.75	.30
e	66½	.83	40	.50	.98	.40
116-a	66½	.25	40	.15	.30	.10
b	66½	.30	40	.18	.36	.12
c	66½	.33	40	.20	.46	.16
d	66½	.53	40	.32	.64	.24
e	66½	.70	40	.42	.85	.35
117-a	66½	.30	40	.18	.36	.12
b	66½	.38	40	.23	.46	.16
c	66½	.53	40	.32	.64	.24
d	66½	.72	40	.43	.87	.35
e	66½	.92	40	.55	1.10	.45
118	66½	.40	40	.24	.48	.16
119	66½	.75	40	.45	.90	.30
120-a	66½	.15	40	.08	.17	.06
b	66½	.33	40	.20	.40	.15
121	66½	.78	40	.47	.95	.30
122	66½	.50	40	.30	.....	.....
a	66½	1.17	40	.70	1.50	.60
b	66½	1.33	40	.80	1.75	.70
c	66½	1.17	40	.70	1.50	.60
d	66½	1.50	40	.90	1.75	.70
123-a	66½	1.17	40	.70	1.40	.40
b	66½	1.53	40	.92	1.85	.60
124	66½	2.43	40	1.46	2.75	1.00

125. Carpets of cotton, N. W.....	kilog..	\$0. 15
126. Tissues called tapestry, for upholstering furniture and for curtains manufactured with dyed yarns; table covers and counterpanes of the same kind, N. W.....	kilog..	. 32
127. Wicks for lamps and candles, N. W.....	do....	. 15
128. Trimmings of cotton; ribbons and galloons, N. W.....	do....	. 52

CLASS V.—HEMP, FLAX, PITA, JUTE, AND OTHER VEGETABLE FIBERS, AND THEIR MANUFACTURES.

GROUP 1.

Raw and spun.

129. Twisted yarns of two or more ends (including the weight of the reels); also the fibers of abaca, heniquen, pita, jute, and other vegetable fibers, prepared or manufactured in any way, N. W. (Disp. III, rule 9) ..	kilog..	. 10
130. Bags for sugar	100 kil..	2. 00
131. Rope and cordage:		
a. Twine or rope yarn and cord of hemp, not exceeding 3 millimeters in thickness, G. W.....	100 kil..	6. 00
b. Cordage and rope-makers' wares of hemp, exceeding 3 millimeters in thickness, N. W.....	100 kil..	6. 00
c. Cordage and rope-makers' wares of abaca, heniquen, pita, jute, or other fibers, N. W.....	100 kil..	6. 00

GROUP 2.

Tissues.

NOTE I.—When the tissues included in the numbers of this group contain an admixture they shall, according to kind, be liable to the following surtaxes (see Disp. I):

1. Tissues of hemp, jute, linen, ramie, or pita containing threads of wool, flock wool, hair, or their wastes shall be liable to a surtax of 40 per cent of the duties applicable thereto, provided that the number of these threads of wool, flock wool, hair, or their wastes, counted in the warp and weft, does not exceed one-fifth of the total number of threads composing the tissue.

When the number of threads of wool, flock wool, hair, or their wastes exceeds one-fifth of the total, the tissues shall be subject to the corresponding duties of group 2, Class VI, as tissues mixed with wool.

2. Tissues of hemp, jute, linen, ramie, or pita containing threads of silk or floss silk shall be liable to a surtax of 60 per cent of the duties applicable thereto, provided that the number of these threads of silk or floss silk, counted in the warp and weft, does not exceed one-fifth of the total number of threads composing the tissue.

When the number of silk or floss-silk threads exceeds one-fifth of the total, the tissues shall be subject to the corresponding duties of Class VII.

3. Tissues of cotton containing an admixture of hemp, linen, ramie, jute, or other vegetable fibers, and at same time threads of silk or floss silk, shall be dutiable according to the corresponding numbers of this group (see Disp. I, rule 4, letter b), with a surtax of 60 per cent, provided that the number of silk or floss silk threads, counted in the warp and weft, does not exceed one-fifth of the total number of threads composing the tissue.

When the number of threads of silk or floss silk exceeds one-fifth of the total, the tissues shall be subject to the corresponding duties of Class VII.

The provisions of this note shall not apply to knitted stuffs, tulles, lace, blonde and tulles for borders (see Disp. I, rule 6), to ribbons (Disp. I, rule 7), or to trimmings (Disp. I, rule 8).

NOTE II.—Articles included in this group which are within the undermentioned conditions shall be liable to the following surtaxes (see Disp. I):

(a) Tissues, brochés, or woven like brocades with silk or floss silk, shall be liable to the duties leviable thereon, plus a surtax of 30 per cent.

(b) Tissues embroidered by hand or by machine after weaving or with application of trimmings shall be liable to the duties leviable thereon, plus a surtax of 30 per cent.

Para- graph.	Increase for the world.		Decrease for United States.		Spanish tariff.	
	Per cent.	Duty.	Per cent.	Duty.	For the world.	For Spain.
125	66½	.25	40	.15	.30	.10
126	66½	.53	40	.32	.65	.25
127	66½	.25	40	.15	.30	.10
128	66½	.87	40	.52	1.05	.35
129	100	.20	50	.10	.30	.10
130	100	4.00	50	2.00	.....	.....
131-a	100	12.00	50	6.00	16.20	6.00
b	100	12.00	50	6.00	12.80	6.00
c	100	12.00	50	6.00	11.20	6.00

Should the embroidery contain threads, purl, or spangles of common metals or of silver, the surtax shall amount to 60 per cent of the duties applicable to the tissue.

When the threads, purl, or spangles are of gold, the surtax shall be 100 per cent.

(c) Tissues and trimmings containing threads or purl of common metals or silver shall be liable to a surtax of 50 per cent of the duties leviable thereon.

When the threads or purls are of gold, the surtax shall amount to 100 per cent.

(d) Tissues entirely or partially made up into sacks shall be liable to the duties applicable thereto, plus a surtax of 15 per cent.

Sheets, towels, tablecloths and napkins, mantles, veils, shawls, hemmed fichus and handkerchiefs shall, for the making up, be liable to a surtax of 30 per cent of the duties leviable thereon.

Other made-up articles, wearing apparel and clothing of all kinds, finished, half finished, or simply basted, shall, for their total weight, be liable to the duties leviable on the principal component tissue on their most visible exterior part, plus a surtax of 100 per cent.

Articles of hosiery specially mentioned shall not be liable to the payment of the surtax for making up.

132. Tissues of hemp, linen, ramie, jute, or other vegetable fibers, not specially mentioned, plain, twilled, or damasked, weighing 35 kilograms or more per 100 square meters, unbleached or dyed in the piece, having:
- | | | |
|---|-----------|---------|
| a. Up to 5 threads, N. W | 100 kil.. | \$3. 00 |
| b. From 6 to 8 threads, N. W | kilog.. | .075 |
| c. 9 threads or more, N. W | do.... | .12 |
| d. The same tissues, bleached, half-bleached or printed: | | |
| Dutiable as the tissue, with a surtax of 15 per cent, N. W. | | |
| e. The same tissues, manufactured with dyed yarns: | | |
| Dutiable as the tissue, with a surtax of 25 per cent, N. W. | | |
133. Tissues, plain, twilled, or damasked, weighing from 20 to 35 kilograms per 100 square meters, unbleached or dyed in the piece, having:
- | | | |
|---|---------|-----|
| a. Up to 5 threads, N. W | kilog.. | .09 |
| b. From 6 to 8 threads, N. W | do.... | .12 |
| c. From 9 to 12 threads, N. W | do.... | .18 |
| d. From 13 to 16 threads, N. W | do.... | .24 |
| e. 17 threads or more, N. W | do.... | .30 |
| f. The same tissues, bleached, half-bleached or printed: | | |
| Dutiable as the tissue, with a surtax of 25 per cent, N. W. | | |
| g. The same tissues, manufactured with dyed yarns: | | |
| Dutiable as the tissue, with a surtax of 40 per cent, N. W. | | |
134. Tissues, plain, twilled, or damasked, weighing from 10 to 20 kilograms per 100 square meters, unbleached or dyed in the piece, having:
- | | | |
|---|---------|------|
| a. Up to 8 threads, N. W | kilog.. | .12 |
| b. From 9 to 12 threads, N. W | do.... | .18 |
| c. From 13 to 16 threads, N. W | do.... | .27 |
| d. From 17 to 20 threads, N. W | do.... | .375 |
| e. 21 threads or more, N. W | do.... | .525 |
| f. The same tissues, bleached, half-bleached or printed: | | |
| Dutiable as the tissue, with a surtax of 30 per cent, N. W. | | |
| g. The same tissues, manufactured with dyed yarns: | | |
| Dutiable as the tissue, with a surtax of 50 per cent, N. W. | | |
135. Tissues, plain, twilled, or damasked, weighing less than 10 kilograms per 100 square meters, unbleached or dyed in the piece, having:
- | | | |
|---|---------|------|
| a. Up to 8 threads, N. W | kilog.. | .15 |
| b. From 9 to 12 threads, N. W | do.... | .21 |
| c. From 13 to 16 threads, N. W | do.... | .30 |
| d. From 17 to 20 threads, N. W | do.... | .525 |
| e. 21 threads or more, N. W | do.... | .90 |
| f. The same tissues, bleached, half-bleached or printed: | | |
| Dutiable as the tissue, with a surtax of 30 per cent, N. W. | | |
| g. The same tissues, manufactured with dyed yarns: | | |
| Dutiable as the tissue, with a surtax of 50 per cent, N. W. | | |
136. Velvets and plushes of linen, jute, etc., N. W
- | | | |
|--|---------|-----|
| | kilog.. | .30 |
|--|---------|-----|
137. Knitted goods of linen or hemp, mixed or not with cotton or other vegetable fibers, even with needlework:
- | | | |
|---|---------|------|
| a. In the piece, jerseys or drawers, N. W | kilog.. | 1.20 |
| b. Stockings, socks, gloves, and other small articles, N. W | do.... | 1.50 |

Para- graph.	Increase for the world.		Decrease for United States.		Spanish tariff.	
	Per cent.	Duty.	Per cent.	Duty.	For the world.	For Spain.
132-a	50	4.50	33 $\frac{1}{3}$	3.00	7.58	2.00
b	50	.12	33 $\frac{1}{3}$	.07 $\frac{1}{2}$	.17	.05
c	50	.18	33 $\frac{1}{3}$	.12	.26	.08
133-a	50	.13 $\frac{1}{2}$	33 $\frac{1}{3}$	.09	.19	.06
b	50	.18	33 $\frac{1}{3}$	.12	.26	.08
c	50	.27	33 $\frac{1}{3}$	.18	.38	.12
d	50	.36	33 $\frac{1}{3}$	.24	.52	.16
e	50	.45	33 $\frac{1}{3}$	.30	.65	.20
134-a	50	.18	33 $\frac{1}{3}$	.12	.30	.08
b	50	.27	33 $\frac{1}{3}$	.18	.45	.12
c	50	.40 $\frac{1}{2}$	33 $\frac{1}{3}$	.27	.66	.18
d	50	.57 $\frac{1}{2}$	33 $\frac{1}{3}$	.37 $\frac{1}{2}$	.90	.25
e	50	.78 $\frac{1}{2}$	33 $\frac{1}{3}$	.52 $\frac{1}{2}$	1.27	.35
135-a	50	.22 $\frac{1}{2}$	33 $\frac{1}{3}$	.15	.36	.10
b	50	.31 $\frac{1}{2}$	33 $\frac{1}{3}$	.21	.52	.14
c	50	.45	33 $\frac{1}{3}$	.30	.74	.20
d	50	.78 $\frac{1}{2}$	33 $\frac{1}{3}$	.52 $\frac{1}{2}$	1.10	.35
e	50	1.35	33 $\frac{1}{3}$	.90	1.80	.60
136	50	.45	33 $\frac{1}{3}$	.30	.56	.20
137-a	50	1.80	33 $\frac{1}{3}$	1.20	2.04	.80
b	50	2.25	33 $\frac{1}{3}$	1.50	2.60	1.00

138. Tulles:		
a. Plain, N. W	kilog..	\$0.90
b. Figured or embroidered on the loom, N. W.....	do....	1.125
139. Lace, blonde, and tulles for borders, N. W.....	do....	3.00
140. Carpets of jute, hemp, or other vegetable fibers without admixture of wool, N. W	kilog..	.075
141. Tissues called tapestry for upholstering furniture and for curtains, mixed or not with cotton, figured or damasked, provided they be manufactured with yarns dyed prior to being woven; table covers and counterpanes of the same kind, N. W.....	kilog..	.42
142. Trimmings of hemp, jute, linen, ramie, etc.; ribbons and gallons, N. W	kilog..	.60

CLASS VI.—WOOL, BRISTLES, HAIR, HORSEHAIR, AND THEIR MANUFACTURES.

GROUP 1.

Raw and spun.

143. Bristles, hair, and horsehair:		
a. Bristles	per cent ad valorem..	10
b. Bristle brushes, in which the bristles give the value	do....	35
c. Hair and horsehair.....	do....	40
144. Wool, raw	do....	20
145. Woolen yarn, unbleached, bleached or dyed, single or twisted	do....	45

GROUP 2.

Tissues and fullad stuffs.

146. Swanskin of pure or mixed wool	per cent ad valorem..	40
147. Manufactures of wool, including knitted stuffs, with or without an admixture of cotton or other vegetable fibers, even with needlework, and tissues of bristles or horsehair, with or without an admixture of cotton or other vegetable fibers.....	per cent ad valorem..	40

CLASS VII.—SILK AND MANUFACTURES OF SILK.

GROUP 1.

Yarns.

148. Silk and floss silk, spun or twisted, in skeins	per cent ad valorem..	45
149. Silk on reels, including weight of the reels (Disp. III, rule 9).....	do....	45

GROUP 2.

Tissues.

NOTE I.—The tissues comprised in this group shall be considered as pure silk tissues when the number of silk or floss-silk threads, counted in the warp and weft, exceeds one-half of the total number of threads composing the tissue. (Disp. I, rule 5.)

This rule shall not apply to knitted stuffs, tulles, lace, blondes, and tulles for borders, or to ribbons or galloons not exceeding 15 centimeters in width. Such goods shall be considered as mixed silk tissues and dutiable according to the corresponding numbers of the tariff when containing threads of cotton or other vegetable fibers, wool, or flock wool, whatever be the proportion of such threads in the mixture. (Disp. I, rules 6 and 7.)

150. Tissues of silk, pure or mixed.....	per cent ad valorem..	45
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Para- graph.	Increase for the world.		Decrease for United States.		Spanish tariff.	
	Per cent.	Duty.	Per cent.	Duty.	For the world.	For Spain.
138-a	50	1.35	33½	.90	1.10	.60
b	50	1.68½	33½	1.12½	2.60	.75
139	50	4.50	33½	3.00	5.60	2.00
140	50	.12	33½	.07½	.34	.10
141	50	.42	33½	.26	.78	.28
142	50	.60	33½	.40	1.15	.40
143-a	Ad valorem.	17%	.....	10%	4.50	4.50
b		50%	.....	25%	4.50	4.50
c		50%	.....	25%	4.50	4.50
144		40%	.....	20%	.20	.20
145		50%	.....	25%	.90	.40
146		70%	.....	40%	.....	.....
147		70%	.....	40%	.....	.....
148		75%	.....	45%	4.50	2.25
149		75%	.....	45%	2.00	.80
150		75%	.....	45%	.....	.....

CLASS VIII.—PAPER AND ITS APPLICATIONS.

GROUP 1.

151. Paper pulp, G. W 100 kil.. \$0.15

GROUP 2.

Printing and writing paper.

152. Paper, continuous or in sheets, white or colored, unprinted, for printing purposes, T. (Disp. III, rule 5)..... 100 kil.. 4.00
153. Common paper, continuous or in sheets, white or colored, used for wrapping packages, bundles, etc., not including manila, T. (Disp. III, rule 5)..... 100 kil.. 2.50

NOTE.—Paper, except manila, manufactured into bags of any kind shall be dutiable, when without printing, with a surtax of 30 per cent. If printed, whether in sheets or bags, it shall be dutiable with a surtax of 50 per cent.

154. Paper in sheets, ruled or not, unprinted, white or colored, used for writing purposes, including blank books of the same, T. (Disp. III, rule 5). 100 kil 8.00

NOTE 1. Envelopes of all kinds shall pay duty under this paragraph with a surtax of 30 per cent.

NOTE 2. Blank books, with printed headings, shall be classified under paragraph 156.

GROUP 3.

Paper, printed, engraved, or photographed.

155. Books, bound or unbound, and similar printed matter, G. W 100 kil.. 1.25
156. Headed paper, forms for invoices, labels, cards, and the like, T. (Disp. III, rule 5)..... kilog.. .10
157. Prints, maps, charts, etc., drawings, photographs, engravings, and pictures; lithographs, chromolithographs, oleographs, etc., printed from stone, zinc, aluminum, or other material, used as labels, flaps, bands, and wrappers for tobacco or other purposes:
- a. Of one to three printings, inclusive, including articles printed solely in bronze (bronze printing to be counted as three printings), but not including any article printed in whole or in part in metal leaf, T. (Disp. III, rule 5) per kilog.. \$0.05
 - b. Of four to seven printings, inclusive (bronze printing to be counted as three printings), but not including any article printed in whole or in part in metal leaf, T. (Disp. III, rule 5)..... per kilog.. .20
 - c. Of eight to thirteen printings, inclusive (bronze printing to be counted as three printings), but not including any article printed in whole or in part in metal leaf, T. (Disp. III, rule 5)..... per kilog.. .40
 - d. Of more than thirteen printings (bronze printing to be counted as three printings), including all articles printed in whole or in part in metal leaf, T. (Disp. III, rule 5) per kilog.. .80

NOTE.—Importers shall, at the demand of the customs authorities, be required to furnish a lithographer's certificate showing the number of printings, which certificate shall be only advisory in the assessment of duty.

GROUP 4.

Wall paper.

158. Wall paper, printed:
- a. On natural ground, T. (Disp. III, rule 5)..... 100 kil.. 4.00
 - b. On dull or glazed ground, T. (Disp. III, rule 5)..... do.... 6.00
 - c. With gold, silver, wool, or glass, T. (Disp. III, rule 5) kilog.. .27

Para- graph.	Increase for the world.		Decrease for United States.		Spanish tariff.	
	Per cent.	Duty.	Per cent.	Duty.	For the world.	For Spain.
151	100	.30	50	.15	.25	.25
152	50	6.00	33½	4.00	8.00	2.00
53	50	3.75	33½	2.50	6.00	1.50
154	50	12.00	40	7.20	16.10	3.50
155	-----	1.25	-----	1.25	14.50	2.50
156	100	.20	50	.10	.20	.15
157-a	100	.10	50	.05	-----	-----
b	100	.40	50	.20	-----	-----
c	100	.80	50	.40	-----	-----
d	100	1.60	50	.80	-----	-----
158-a	-----	4.00	25	3.00	8.00	2.50
b	-----	6.00	25	4.50	12.00	3.00
c	-----	.27	25	.20	.45	.10

GROUP 5.

Pasteboard and various papers.

159. Common packing paper, straw, sand or glass paper, T. (Disp. III, rule 5), 100 kil	\$1. 75
160. Blotting paper, T. (Disp. III, rule 5).....100 kil..	2. 30
161. Other paper not specially mentioned, including manila paper and press copy books, T. (Disp. III, rule 5).....100 kil..	4. 60
NOTE.—Manila paper manufactured into bags of any kind and cig- arette paper in books or rolls (bobinas) shall be dutiable with a surtax of 30 per cent.	
162. Pasteboard in sheets:	
a. Cardboard paper and fine, glazed, or pressed cardboard, T. (Disp. III, rule 5)	100 kil.. 3. 50
b. Other pasteboard, T. (Disp. III, rule 5).....do....	1. 00
163. Manufactures of pasteboard:	
a. Boxes of common pasteboard lined with ordinary paper, T. (Disp. III, rule 5)	100 kil.. 2. 00
b. Boxes of fine pressed or glazed cardboard or with ornaments or lined with fine paper, and articles not specially mentioned, T. (Disp. III, rule 5)	kilog.. .20
164. Paste and carton-pierre:	
a. Unwrought, T. (Disp. III, rule 5).....kil..	1. 00
b. Wrought, finished or not, including moldings, T. (Disp. III, rule 5), 100 kil	15. 00

CLASS IX.—WOOD AND OTHER VEGETABLE MATERIALS EMPLOYED IN INDUSTRY,
AND ARTICLES MANUFACTURED THEREWITH.

GROUP 1.

Wood.

165. Staves.....thousand..	\$0. 80
166. Ordinary wood:	
a. In boards, deals, rafters, beams, round wood, and timber for shipbuild- ing, G. W	cubic meter.. .40
b. Planed or dovetailed, for boxes and flooring; broomsticks and cases wherein imported goods were packed, G. W	100 kil.. 16
167. Fine wood for cabinetmakers:	
a. In boards, deals, trunks, or logs, G. W	do.... 1. 20
b. Sawn in veneers, T. (Disp. III, rule 5).....do....	1. 75
168. Coopers' wares:	
a. Fitted together, G. W	do.... .65
b. In shooks, also hoops and headings, G. W	do.... .36
169. Wood, cut, for making hogheads or casks for sugar or molasses, G. W	100 kil.. .06
170. Latticework and fencing, G. W	do.... .60

GROUP 2.

Furniture and manufactures of wood.

171. Common wood manufactured into furniture and other wares, and articles of all kinds, turned or not, painted or not, varnished or not, but neither chiseled, inlaid, nor carved, T. (Disp. III, rule 5).....100 kil..	4. 75
172. Fine wood manufactured into furniture or other wares, turned or not, polished or not, varnished or not, and furniture and common wooden wares veneered with fine wood; furniture upholstered with tissue (other than with silk or stuffs containing an admixture thereof, or with leather), provided that the articles specified in this number be neither chiseled, carved, inlaid, nor ornamented with metal, T. (Disp. III, rule 5).....100 kil..	15. 00
173. Furniture of bent wood, T. (Disp. III, rule 5)	do.... 12. 00
174. Barber's and dentist's chairs, billiard tables and appurtenances thereto, and bar fixtures.....per cent ad valorem..	25
175. Battens:	
a. Molded, varnished, or prepared for gilding, T. (Disp. III, rule 5), 100 kil	5. 00
b. Gilt or carved, T. (Disp. III, rule 5)	kilog.. .15
176. Wood of any kind manufactured into furniture or other wares, gi chiseled, carved, inlaid, or veneered with mother-of-pearl or other fine mate- rials, or ornamented with metal, and furniture upholstered with stuffs of pure or mixed silk, or leather	per cent ad valorem.. .40

Para- graph.	Increase for the world.		Decrease for United States.		Spanish tariff.	
	Per cent.	Duty.	Per cent.	Duty.	For the world.	For Spain.
159	100	3.50	50	1.75	3.50	.80
160	100	4.60	50	2.30	4.60	1.00
161	100	9.20	50	4.60	9.20	2.00
162-a	100	7.00	50	3.50	7.00	1.50
b	100	2.00	50	1.00	2.10	.35
163-a	100	4.00	50	2.00	2.10	.35
b	100	.40	50	.20	.45	.10
164-a	25	1.25	20	1.00	2.00	.50
b	33½	20.00	25	15.00	.30	.10
165	-----	.80	-----	.80	2.00	2.00
166-a	50	.60	33½	.40	1.00	1.00
b	50	24	33½	.16	.40	.40
167-a	-----	1.20	16½	1.00	3.00	3.00
b	-----	1.75	29	1.25	4.35	4.35
168-a	100	1.30	50	.65	1.60	-----
b	25	.45	20	.36	.90	.90
169	25	.07½	20	.06	.15	.15
170	-----	.60	33½	.40	1.50	1.50
171	40	6.65	30	4.65	9.50	2.00
172	-----	15.00	20	12.00	30.00	12.00
173	50	18.00	50	9.00	24.00	10.00
174	-----	25%	-----	25%	-----	-----
175-a	25	6.25	20	5.00	10.00	3.00
b	33½	.20	25	.15	.35	.15
176	-----	-----	-----	-----	1.50	.60

GROUP 3.

Various.

177.	Charcoal, firewood, and other vegetable fuel, G. W.....	1,000 kil..	\$1. 50
178.	Cork:		
	a. In the rough or in boards, G. W.....	100 kil..	1. 40
	b. Manufactured, T. (Disp. III, rule 5)	do....	4. 50
179.	Rushes, vegetable hair, cane, osiers, fine straw, palm and genista, raw, raw esparto, and baskets and other common wares of esparto, G. W., 100 kil.....		1. 85
180.	Esparto manufactured into fine articles; rushes, vegetable hair, cane, osiers, fine straw, palm, and genista, manufactured into articles of all kinds, not specially mentioned, including wicker furniture, T. (Disp. III, rule 5).....	100 kil..	13. 00

CLASS X.—ANIMALS AND ANIMAL WASTES EMPLOYED IN INDUSTRY.

GROUP 1.

Animals.

181.	Horses and mares:		
	a. Above the standard height	each..	\$10. 00
	b. Other.....	do....	5. 00
182.	Mules	do....	5. 00
183.	Asses	do....	5. 00
184.	Bovine animals:		
	a. Oxen	do....	2. 00
	b. Cows	do....	2. 00
	c. Bullocks.....	do....	2. 00
	d. Calves and heifers	do....	1. 00
185.	Pigs.....	do....	1. 00
186.	Sheep and goats	do....	1. 00
187.	Animals not specially mentioned.....	do....	1. 00
188.	Singing birds, parrots, etc.....	do....	. 50

GROUP 2.

Hides, skins, and leather wares.

189.	Pelts in their natural state or dressed.....	per cent ad valorem..	10
190.	Hides or skins, raw or uncured, dry, salted, or pickled.....	do....	10
191.	Hides tanned with the hair	do....	15
192.	Hides tanned, dressed, and finished, without the hair, including rough leather, sole leather, sole leather cut soles for mending, belting leather, upper leather, harness and saddlery leather.....	per cent ad valorem..	15
193.	Skins tanned, dressed, and finished, including calf, kangaroo, sheep, lamb, goat, and kid skins.....	per cent ad valorem..	15
194.	Hides and skins varnished, japanned, or enameled, and skins with figures, engravings, or embossed.....	per cent ad valorem..	20
195.	Leather cut into shoe uppers or vamps or other forms suitable for conversion into manufactured articles, and also manufactures of leather, finished or unfinished, not otherwise provided for.....	per cent ad valorem..	25
196.	Gloves of skin, T. (Disp. III, rule 5).....	kilog..	\$3. 50
	a. Common baseball and boxing gloves	do....	1. 00
197.	Boots, shoes, and slippers:		
	a. Men's, size 5 and up (American standard), per pair.....		. 15
	and 10 per cent ad valorem.		
	b. Boys', youths', women's, misses', and children's, per pair.....		. 10
	and 10 per cent ad valorem.		
	NOTE.—Boots and shoes, size 9½ (children's) and under (American standard), per pair, 5 cents and 10 per cent ad valorem.		
198.	Other boots, shoes, and slippers, fancy or ornamented, per pair .....		. 15
	and 10 per cent ad valorem.		
199.	Riding boots	pair..	2. 00
200.	Sandals made without leather	dozen..	. 40
201.	Saddlery and harness:		
	a. Draft harness, other than for carriages, T. (Disp. III, rule 5).....	kilog..	. 05
	b. Carriage harness, T. (Disp. III, rule 5).....	do....	. 10
	c. Other saddlery and harness makers' wares; valises, hat boxes, and traveling bags of cardboard or leather, T. (Disp. III, rule 5).....	kilog..	. 20
202.	Other manufactures of leather or covered with leather, per cent ad valorem.....		25

Para- graph.	Increase for the world.		Decrease for United States.		Spanish tariff.	
	Per cent.	Duty.	Per cent.	Duty.	For the world.	For Spain.
177	-----	1.50	-----	1.50	3.00	3.00
178-a	-----	-----	29	1.00	2.80	1.40
b	50	6.75	40	4.00	9.00	3.00
179	40	2.60	29	1.85	3.65	1.05
180	30	16.90	29	12.00	26.25	10.00
181-a	100	20.00	50	10.00	50.00	50.00
b	100	10.00	50	5.00	27.00	27.00
182	100	10.00	50	5.00	20.00	20.00
183	-----	5.00	50	2.50	1.00	1.00
184-a	100	4.00	50	2.00	8.00	8.00
b	250	7.00	71½	2.00	7.00	7.00
c	250	7.00	71½	2.00	8.00	8.00
d	200	3.00	66½	1.00	6.00	6.00
185	-----	1.00	-----	1.00	5.00	5.00
186	50	1.50	33½	1.00	1.50	1.50
187	-----	1.00	-----	1.00	1.50	1.50
188	-----	.50	-----	.50	.20	.20
189	100	20%	50	10%	3.00	1.50
190	100	20%	50	10%	.08	.03
191	100	30%	50	15%	.50	.25
192	100	30%	50	15%	-----	-----
193	100	30%	50	15%	-----	-----
194	100	40%	50	20%	-----	-----
195	100	50%	50	25%	-----	-----
196	100	7.00	50	3.50	-----	-----
a	100	2.00	50	1.00	-----	-----
197-a	100	.30	50	.15	-----	-----
and ad val.		20%	50	10%	-----	-----
b	100	.20	50	.10	-----	-----
and ad val.		20%	50	10%	-----	-----
198	100	.30	50	.15	-----	-----
and ad val.		20%	50	10%	-----	-----
199	100	4.00	50	2.00	-----	-----
200	200	1.20	50	.60	.20	.20
201-a	50	.07½	33½	.05	-----	-----
b	50	.15	33½	.10	-----	-----
c	100	.40	50	.20	-----	-----
202	100	50%	50	25%	-----	-----

GROUP 3.

Various.

203. Feathers for ornament, in their natural state or manufactured, N. W., kilog	\$2. 00
204. Other feathers and feather dusters, T. (Disp. III, rule 5)..... kilog..	. 40
205. Intestines, dried, N. W	2. 00
206. Animal wastes, unmanufactured, not specially mentioned, G. W.. 100 kil..	. 50

CLASS XI.—INSTRUMENTS, MACHINERY, AND APPARATUS EMPLOYED IN AGRICULTURE, INDUSTRY, AND LOCOMOTION.

GROUP 1.

Instruments.

207. Pianos:	
a. Grand	per cent ad valorem.. 40
b. Other	do.... 40
208. Harmoniums and organs	do.... 40
209. Harps, violins, violoncellos; guitars and mandolins with incrustations; flutes and fifes of the ring system; metal instruments of 6 pistons or more; detached parts for wind instruments of wood or copper, per cent ad valorem	40
210. Musical instruments, other	per cent ad valorem.. 40
211. Watches and chronometers:	
a. Of gold	do.... 25
b. Of silver or other metals	do.... 25
c. Watch-cases and works for watches	do.... 25
212. Clocks with weights, and alarm clocks and detached parts	do.... 25
213. Works for wall or table clocks, finished or unfinished, with or without cases	per cent ad valorem.. 25

GROUP 2.

Apparatus and machines.

214. All weighing machines, including scales and detached parts thereof, per cent ad valorem	20
215. Machinery and apparatus for making sugar and brandy, per cent ad valorem	10
216. Agricultural machinery and apparatus	per cent ad valorem.. 10
217. Steam motors, stationary	do.... 20
218. Marine engines; steam pumps; hydraulic, petroleum, gas, and hot or com- pressed-air motors	per cent ad valorem.... 20

Para-graph.	Increase for the world.		Decrease for United States.		Spanish tariff.	
	Per cent.	Duty.	Per cent.	Duty.	For the world.	For Spain.
203	50	3.00	33½	2.00	4.00	4.00
204	100	.80	50	.40	1.10	.40
205	.....	2.00	25	1.50	5.00	2.00
206	.....	.50	30	.40	1.00	1.00
207-a	50	60%	33½	40%	115.00	40.00
b	50	60%	33½	40%	84.00	30.00
208	50	60%	33½	40%	50.00	30.00
209	50	60%	33½	40%	1.60	.80
210	50	60%	33½	40%	.70	.35
211-a	100	50%	50	25%	3.00	3.00
b	100	50%	50	25%	1.00	1.00
c	100	50%	50	25%	.....	.....
212	100	50%	50	25%	.80	.40
213	100	50%	50	25%	1.60	.80
214	50	30%	33½	20%	5.40	1.60
215	300	20%	50	10%	.50	.50
216	300	20%	50	10%	.80	.80
217	50	30%	33½	20%	3.75	3.75
218	50	30%	33½	20%	5.00	5.00

219. Boilers:		
a. Of sheet iron.....	per cent ad valorem....	\$20
b. Tubular	do.....	20
220. Locomotives and traction engines.....	do.....	20
221. Turntables, hydraulic cranes, and columns	do.....	20
222. Machines of copper and its alloys; detached parts of the same metals, per cent ad valorem		20
223. Dynamo-electric machines; inductors and detached parts, per cent ad valorem.....		20
224. Sewing machines and detached parts thereof.....	per cent ad valorem ..	20
225. Velocipedes, bicycles, and detached parts and accessories thereto, includ- ing bicycle lamps.....	per cent ad valorem...	20
226. Machines and apparatus, other, or of materials not specially mentioned, also detached parts of all kinds other than of copper or its alloys, per cent ad valorem.....		20

GROUP 3

Carriages.

NOTE.—Lamps, rubber tires, and other accessories or detached parts not specifically provided for are included under the following paragraphs:

227. Coaches and berlins, new, used, or repaired.....	per cent ad valorem..	25
228. Railway carriages of all kinds for passengers	do.....	25
229. Vans, trucks, and cars of all kinds; miners' trolleys	do.....	25
230. Tramway carriages of all kinds	do.....	25
231. Wagons, carts, and hand carts.....	do.....	25

GROUP 4.

Vessels.

NOTE I.—The duties on ships include likewise those levied on anchors, kedges, cables and chains, barometers, chronometers, binnacles, compasses (loose and fixed), speaking trumpets, telescopes, casks, cordage, sails, and masts, necessary for the maneuvers and safety of vessels, with due regard to their class. All other articles shall be liable to the duties leviable thereon.

NOTE II.—Duties on steam vessels shall be levied on the total number of tons which may result from the official measurement, and no separate duty shall be levied on machinery which shall be considered an integral part of the vessel.

The certificate of tonnage shall temporarily serve as a basis for levying duty on vessels entering from abroad. The interested parties must present to the customs authorities a certificate of measurement approved by the inspector; but it is understood that the customs authorities will not consider the clearance and payment of the duties as finally settled until this formality has been complied with and noted.

National ships lengthened in foreign dockyards must, on their return, pay duty on the additional tonnage.

Vessels refitted with engines abroad shall pay a duty of \$6 per horsepower when it is impossible to ascertain the weight of the new machinery.

Boilers and accessories thereof, funnels, tubes, etc., changed abroad shall be liable to a duty of \$3 per each square meter of heating surface.

Vessels undergoing other repairs in foreign ports, shall on their return, pay duty on the material employed for the purpose.

Para- graph.	Increase for the world.		Decrease for United States.		Spanish tariff.	
	Per cent.	Duty.	Per cent.	Duty.	For the world.	For Spain.
219-a	50	30%	33½	20%	3.00	3.00
220	50	30%	33½	20%	4.50	4.50
221	50	30%	33½	20%	1.50	1.50
222	50	30%	33½	20%	27.00	13.50
223	50	30%	33½	20%	17.60	8.80
224	50	30%	33½	20%	4.00	4.00
225	50	30%	33½	20%	6.00	4.00
226	50	30%	33½	20%	9.80	2.30
227	60	40%	37½	25%	.....	.....
228	60	40%	37½	25%	4.80	4.80
229	60	40%	37½	25%	2.10	2.10
230	60	40%	37½	25%	7.60	7.60
231	60	40%	37½	25%	3.80	3.80

232. Sailing vessels of all kinds	per gross ton..	\$1.50
233. Steam vessels with wooden hulls.	do.....	2.00
234. Steam vessels with hull of iron, or other metals, or mixed construction	per gross ton..	2.50
235. Salvage from wrecked vessels.....	per cent ad valorem..	8

CLASS XII.—ALIMENTARY SUBSTANCES.

GROUP 1.

Meat and fish, butter and greases.

236. Poultry and small game, T. (Disp. III, rule 5).....	kilog..	\$0.08
237. Meat in brine, T. (Disp. III, rule 5):		
a. Beef, brine or salt	100 kil..	2.80
b. Pork, brine or salt	do.....	2.80
238. Lard, T. (Disp. III, rule 5)	do.....	2.80
239. Tallow, except when imported for the manufacture of soap, T. (Disp. III, rule 5).....	100 kil..	2.00
240. Bacon, T. (Disp. III, rule 5).....	do.....	4.00
241. Hams or shoulders, T. (Disp. III, rule 5).....	do.....	4.50
242. Jerked beef ("tasajo"), G. W.....	do.....	3.95
243. Meat of all other kinds:		
a. Beef, canned, T. (Disp. III, rule 5)	do.....	5.00
b. Beef, fresh, N. W	do.....	4.50
c. Mutton, fresh, N. W	do.....	4.50
d. Pork, fresh, N. W	do.....	4.00
244. Butter and oleomargarine, T. (Disp. III, rule 5).....	do.....	7.00
245. Cheese, T. (Disp. III, rule 5)	do.....	5.00
246. Condensed milk	per cent ad valorem..	10
247. Salt cod and stock fish, hake and haddock, T. (Disp. III, rule 5).....	100 kil..	\$1.00
248. Herring, pickled, smoked, salted, or marinated, and skate, salted, T. (Disp. III, rule 5).....	100 kil..	1.00
249. Mackerel, pickled, smoked, salted, or marinated, T. (Disp. III, rule 5), 100 kil	do.....	2.00
250. Salmon, smoked, salted, or marinated, T. (Disp. III, rule 5).....	100 kil..	5.00
251. Oysters of all kinds, and shellfish, dried or fresh, G. W.....	do.....	1.00
252. Eggs, T. (Disp. III, rule 5).....	do.....	5.00

GROUP 2.

Cereals.

253. Rice, husked or not, G. W	100 kil..	1.00
254. Wheat, G. W	do.....	.60
255. Cereals:		
a. Corn, G. W	do.....	.30
b. Rye, G. W	do.....	.40
c. Barley, G. W	do.....	.50
d. Oats, G. W	do.....	.40
256. Flour:		
a. Of wheat, G. W	do.....	1.00
b. Of rice, G. W	do.....	2.00
c. Of corn, G. W	do.....	.50
d. Of oats, G. W	do.....	1.20

GROUP 3.

Pulse, garden produce, and fruits.

257. Beans, G. W	100 kil..	1.10
258. Pease, G. W	do.....	1.10
259. Onions, G. W.....	do.....	.70

Paragraph.	Increase for the world.		Decrease for United States.		Spanish tariff.	
	Per cent.	Duty.	Per cent.	Duty.	For the world.	For Spain.
232	-----	20%	75	5%	3.00	3.00
233	-----	20%	75	5%	4.00	4.00
234	-----	20%	75	5%	5.00	5.00
235	-----	-----	-----	-----	8%	8%
236	15	9.20	40	5.50	.10	.10
237-a	-----	2.80	21	2.20	5.50	3.00
b	-----	2.80	-----	2.80	5.50	3.00
238	-----	2.80	-----	2.80	10.80	6.30
239	-----	2.80	-----	2.80	-----	-----
240	-----	4.00	50	2.00	10.80	6.30
241	-----	5.50	20	4.40	10.80	6.30
242	11	4.40	50	2.20	3.96	3.96
243-a	-----	5.00	40	3.00	7.10	3.60
b	-----	4.50	33½	3.00	7.10	3.60
c	-----	4.50	33½	3.00	7.10	3.60
d	-----	4.00	25	3.00	7.10	3.60
244	10	7.70	29	5.50	13.20	4.40
245	10	5.50	50	2.75	.12	-----
246	100	20%	50	10%	-----	-----
247	120	2.20	50	1.10	2.50	2.50
248	120	2.20	50	1.10	1.80	-----
249	-----	2.00	45	1.10	1.80	-----
250	-----	5.00	50	2.50	1.80	-----
251	-----	1.00	-----	1.00	-----	-----
252	10	5.50	-----	5.50	14.00	6.00
253	230	3.30	66½	1.10	3.32	1.20
254	-----	.60	-----	.60	3.00	1.20
255-a	-----	.30	-----	.30	2.40	1.20
b	-----	.40	-----	.40	2.40	1.20
c	120	1.10	50	.55	2.40	1.20
d	-----	.40	-----	.40	2.40	1.20
256-a	-----	1.00	45	.55	3.95	1.50
b	45	1.10	50	.55	3.75	2.00
c	10	.55	-----	.55	3.25	1.50
d	8	1.10	50	.55	3.25	1.50
257	50	1.65	33½	1.10	2.60	1.30
258	50	1.65	33½	1.10	2.60	1.30
259	57	1.10	50	.55	1.50	.75

260. Potatoes, and other fresh vegetables not specially mentioned, G. W., 100 kil.....	\$0. 50
261. Flour of pulse, G. W.....100 kil..	2. 50
262. Fruits, fresh, G. W.....do....	. 60
263. Almonds of all kinds.....per cent ad valorem..	25
264. Fruits, dried or drained, G. W.....100 kil..	1. 50
265. Chestnuts, dried or fresh, G. W.....do....	1. 50

GROUP 4.

Seeds and fodder.

266. Clover seed, G. W.....100 kil..	3. 60
267. Flax seed, G. W.....do....	. 82
268. Timothy seed, G. W.....do....	2. 00
NOTE.—The importation of foreign tobacco seed into the island of Cuba is prohibited until further orders.	
269. Fodder and bran.....per cent ad valorem..	. 25
a. Corn or broom straw (<i>millo</i>), G. W.....100 kil..	0. 80

GROUP 5.

Preserves.

NOTE I.—All preserves are dutiable with the weight of immediate receptacles. (See Disp. III, rule 5.)

270. Fish or shellfish, preserved in oil or otherwise, in tins, per cent ad valorem.....	25
271. Vegetables and pulse, pickled or preserved in any manner, per cent ad valorem.....	25
272. Fruits, preserved:	
a. In brandy.....per cent ad valorem..	25
b. Other.....do....	25
273. Alimentary preserves not specially mentioned; pork butchers' wares, truffles, sauces, and mustard; alimentary flavoring extracts, per cent ad valorem.....	25

GROUP 6.

Oils and beverages.

274. Olive oil; cotton-seed oil (except for the manufacture of soap):	
a. In receptacles of earthenware, wood or tin, G. W.; T. (Disp. III, rule 4).....100 kil..	\$2. 40
b. In bottles, including the weight of bottles, G. W.; T. (Disp. III, rule 4).....100 kil..	3. 00
275. Alcohol, S. T. (Disp. III, rule 12).....hectol..	14. 00
276. Brandies, liqueurs, cordials, and all compound spirits not specially mentioned:	
a. In casks, barrels, or half barrels, S. T. (Disp. III, rule 12).....hectol..	21. 00
b. In bottles, flasks, demijohns, or other similar receptacles, S. T. (Disp. III, rule 12).....hectol..	34. 00
c. Whisky, rum, and gin, in casks, barrels, or half barrels.....do....	18. 00
d. Whisky, rum, and gin, in bottles, flasks, demijohns, or other similar receptacles.....hectol..	23. 00
277. Wines, sparkling, S. T. (Disp. III, rule 13).....liter..	. 85
278. All white wines (except sparkling), including the so-called generous wines (<i>vinos generosos</i>), and all red or white dessert or liqueur wines:	
a. In casks, barrels, or half barrels, S. T. (Disp. III, rule 13).....liter..	. 07
b. In bottles, flasks, demijohns, or other similar receptacles, S. T. (Disp. III, rule 13).....liter..	. 20
279. Other wines:	
a. In casks, barrels, or half barrels, S. T. (Disp. III, rule 13).....hectol..	4. 50
b. In bottles, flasks, demijohns, or other similar receptacles, S. T. (Disp. III, rule 13).....hectol..	13. 00
280. Beer and cider:	
a. Malt liquor, in casks (Disp. III, rule 14).....do....	3. 30
b. Malt liquor, in bottles (Disp. III, rule 14).....do....	4. 00
c. Cider, natural or artificial; ginger ale, root beer, and other nonalcoholic beverages not otherwise provided for, T. (Disp. III, rule 14):	
In casks, barrels, or half barrels.....hectol..	1. 60
In bottles, flasks, demijohns, or other similar receptacles.....do....	3. 00

Para- graph.	Increase for the world.		Decrease for United States.		Spanish tariff.	
	Per cent.	Duty.	Per cent.	Duty.	For the world.	For Spain.
260	120	1. 10	50	. 55	1. 50	. 75
261	20	3. 00	33½	2. 00	4. 35	2. 60
262	-----	. 60	-----	. 60	3. 00	1. 00
263	60	. 40%	37½	. 25%	4. 75	1. 75
264	120	3. 30	50	1. 65	4. 75	1. 75
265	120	3. 30	50	1. 65	4. 75	1. 75
266	Rebate.	3. 60	70	1. 10	. 80	. 20
267	34	1. 10	50	. 55	. 80	. 20
268	-----	2. 00	45	1. 10	. 80	. 20
269	-----	-----	-----	-----	. 85	. 25
a	25	1. 00	20	. 80	. 85	. 25
270	100	50%	50	25%	12. 00	1. 50
271	100	50%	50	25%	13. 40	1. 40
272-a	100	50%	50	25%	. 20	. 06
b	100	50%	50	25%	. 17	. 05
273	100	50%	50	25%	. 30	. 10
274-a	83½	4. 40	45½	2. 40	6. 75	2. 35
b	83½	5. 40	54½	3. 00	10. 00	3. 00
275	-----	14. 00	-----	14. 00	14. 00	8. 00
276-a	-----	21. 00	33½	14. 00	21. 00	12. 00
b	-----	34. 00	50	17. 00	34. 00	20. 00
c	-----	18. 00	50	9. 00	21. 00	12. 00
d	-----	23. 00	50	11. 50	34. 00	20. 00
277	-----	. 85	50	. 42½	. 85	. 10
278-a	43	. 10	50	. 05	. 18	. 03
b	50	. 30	66	. 10	. 36	. 06
279-a	11*	4. 00	50	2. 00	4. 50	1. 50
b	23	16. 00	50	8. 00	13. 00	3. 00
280-a	-----	3. 30	-----	3. 30	5. 50	1. 00
b	-----	5. 50	27	4. 00	7. 70	1. 40
c	-----	2. 20	50	1. 10	5. 50	1. 00
d	10	3. 30	50	1. 65	7. 70	1. 40

* Decrease.

GROUP 7.

Various.

281. Saffron, safflower, and flowers of "tobar"	per cent ad valorem..	25
282. Cinnamon of all kinds.....	do.....	25
283. Cinnamon, Chinese ("canelón"), cloves, pepper, and nutmegs, per cent ad valorem.....	.....	25
284. Vanilla.....	per cent ad valorem..	25
285. Tea.....	do.....	25
286. Coffee in the bean or ground; chicory roots and chicory, T. (Disp. III, rule 5)	100 kil. \$12. 15	
<i>Provided, Said coffee is not grown in the island of Porto Rico and imported into Cuba directly from Porto Rico.</i>		
Coffee in the bean or ground, which is the product of Porto Rico and imported into Cuba directly from Porto Rico (Disp. III, rule 5)		
287. Cocoa of all kinds, in the bean, ground, or in paste; cocoa butter, T. (Disp. III, rule 5).....	100 kil..	3. 40
288. Chocolate and sweetmeats of all kinds, including the immediate packages.....	per cent ad valorem..	25
289. Pastes and feculæ for soups and other alimentary purposes, per cent ad valorem.....	.....	25
290. Biscuits:		
a. Ordinary, T. (Disp. III, rule 5).....	100 kil..	1. 50
b. Fine, of all kinds, including the immediate package, T. (Disp. III, rule 5)	100 kil..	3. 50
291. Honey	per gallon..	. 20
292. Molasses	do.....	. 06
293. Sugar, raw.....	per pound..	. 015
294. Sugar, refined	do.....	. 02
295. Saccharine.....	do.....	1. 50

CLASS XIII.—MISCELLANEOUS GOODS.

296. Fans	per cent ad valorem..	30
297. Trinkets and ornaments of all kinds, except those of gold or silver, or of gold or silver plate, or except those in which the predominant substance is amber, jet, tortoise shell, coral, ivory, meerschaum, or mother-of-pearl, or except those in which the predominant substance is horn, whalebone, celluloid, bone, or compositions imitating these materials, or compositions imitating those mentioned in paragraph 298 N. W., kilog .....	.....	\$0. 75
298. Amber, jet, tortoise shell, coral, ivory, and mother-of-pearl, meerschaum:		
a. Unwrought, N. W	kilog..	1. 00
b. Wrought, N. W	do.....	1. 80
299. Horn, whalebone, celluloid, and bone; also compositions imitating these materials or those of the preceding number:		
a. Unwrought, N. W	kilog..	. 60
b. Wrought, N. W	do.....	1. 20
300. Walking sticks and sticks for umbrellas and parasols, per cent ad valorem.....	.....	25
301. Coffins and undertakers' fixtures	per cent ad valorem.	25
302. Hair, human, manufactured into articles of all kinds or any shape, N. W., kilog .....	.....	5. 00
303. Cartridges, with or without projectiles or bullets, for unprohibited firearms; also primers and caps for such arms, T. (Disp. III, rule 5)	100 kil.	30. 00
304. Tarpaulins coated with sand, for vans; felts and tow, tarred or coated with pitch, G. W	100 kil..	. 28
305. Oilcloths:		
a. For floors and packing purposes, T. (Disp. III, rule 5).....	do.....	3. 00
b. Other, T. (Disp. III, rule 5).....	kilog..	. 06
Pads and brief cases of oilcloth, or bands for hats shall be liable to a surtax of 40 per cent.		
306. Cases:		
a. Of fine wood or leather, lined with silk; other similar cases, N. W., kilog.....	.....	. 75
b. Of common wood, cardboard, osier, and the like, including letter-files, N. W	kilog..	. 20
307. Artificial flowers of tissue or wax; also pistils, buds, leaves, and seeds, of any kind or material, for the manufacture of flowers, N. W.....	kilog..	1. 00

Para- graph.	Increase for the world.		Decrease for United States.		Spanish tariff.	
	Per cent.	Duty.	Per cent.	Duty.	For the World.	For Spain.
281	100	50%	50	25%	7.90	3.50
282	100	50%	50	25%	.75	.25
283	100	50%	50	25%	.17	.07
284	100	50%	50	25%	.50	.50
285	100	50%	50	25%	.80	.80
286	.....	.....	.....	.....	12.15	3.40
287	33½	27.00	25	20.25	20.25	5.00
288	100	50%	50	25%	.35	.07
289	100	50%	50	25%	6.00	2.00
290-a	.....	1.50	.....	1.50	3.70	.70
b	.....	.....	.....	.....	.....	.....
291	.....	.....	.....	.....	.....	.....
292	.....	.....	.....	.....	.....	.....
293	100	.03	33½	.02	.....	.....
294	100	.04	25	.03	.....	.....
295	.....	1.50	.....	1.50	.....	.....
296	100	60%	50	.30%	.....	.....
297	100	1.50	50	.75	3.75	.75
298-a	100	2.00	50	1.00	2.20	1.00
b	100	3.60	50	1.80	5.55	1.80
299-a	100	1.20	50	.60	1.20	.60
b	100	2.40	50	1.20	2.60	1.20
300	100	.50%	50	.25%	10.00	4.00
301	100	.50%	50	.25%	.....	.....
302	.....	5.00	40	3.00	5.00	5.00
303	.....	30.00	33½	20.00	60.00	30.00
304	43	.40	50	.20	.56	.28
305-a	10	3.30	33½	2.20	11.25	3.00
b	33½	.08	25	.06	.20	.06
306-a	100	1.50	50	.75	2.25	.75
b	100	.40	50	.20	.80	.20
307	100	2.00	50	1.00	3.50	1.00

308. Matches of wax, wood, or cardboard, including the immediate packages, N. W.	kilog..	\$0.20
309. Caoutchouc and gutta-percha manufactured in any shape or into any kind of article not otherwise provided for, T. (Disp. III, rule 5):		
a. Rubber hose and piston packing	kilog..	.05
b. All other articles	do..	.20
310. Games and toys, except those of tortoise shell, ivory, mother-of-pearl, gold, or silver, and except those made of articles mentioned in paragraphs 298 and 299, T. (Disp. III, rule 5).....	kilog..	.10
311. Umbrellas and parasols.....	per cent ad valorem..	25
312. Oil and watercolor paintings	do.....	25
313. Hats, bonnets, and caps of all kinds, finished or unfinished, per cent ad valorem		20
314. Waterproof or caoutchouc stuffs, including boots and shoes of rubber:		
a. On cotton tissue, T. (Disp. III, rule 5)	kilog..	\$0.25
b. On woolen or silk tissue, T. (Disp. III, rule 5).....	do.....	.50
NOTE.—Confections or manufactures of articles dutiable under this paragraph shall be liable to a surtax of 30 per cent, except boots and shoes of rubber.		
315. On all other goods, wares, merchandise, and effects, not otherwise enumerated or provided for, except crude materials..	per cent ad valorem..	25
316. On crude materials, not otherwise enumerated.....	do.....	10

CLASS XIV.—TOBACCO.

317. Tobacco:		
a. In cakes, so-called "brevas," or in carrots, N. W.	100 kil..	\$10.50
b. In powder or snuff, or otherwise manufactured, N. W.	per pound..	.12
c. Leaf tobacco, stemmed or unstemmed, whether wrapper or filler, per pound, N. W.		5.00
d. Cigars, cigarettes, cheroots of all kinds, \$4.50 per pound and 25 per cent ad valorem.		
Paper cigars and cigarettes, including wrappers, shall be subject to the same duties as are herein imposed on cigars.		

SPECIAL PROVISION.

318. The following articles, when imported direct by a steam or street railroad company or planter of the island of Cuba, for the exclusive use of said railroad or planter, within twelve calendar months from the promulgation of this tariff, shall be entitled to entry at 10 per cent duty ad valorem, under such conditions and guaranty as the collector of customs for Cuba may exact or direct:
- Passenger coaches, complete, erected or knocked down.
 - Freight cars, complete, erected or knocked down.
 - Trucks, wheels, axles, axle boxes, forgings, brasses, and fixtures for passenger coaches and freight cars.
 - Pine wood prepared especially for freight cars.
 - Locomotives and tenders, locomotive boilers and locomotive furnaces, locomotive boiler plates and tubes, locomotive and tender frames, wheels, axles, axle boxes, brasses, and tanks for locomotive tenders.
 - Electric motors and machinery for power houses.
 - Turntables, transfer bridges, iron or steel bridge work, riveted or rolled, steel rails, points, crossings, signals, and accessories thereof, gate crossings, and metal ties.

Para- graph.	Increase for the world. .		Decrease for United States.		Spanish tariff.	
	Per cent.	Duty.	Per cent.	Duty.	For the world.	For Spain.
308	100	.40	50	.20	.80	.20
309-a	50	.07½	33½	.05	.30	.05
b	50	.30	33½	.20	.30	.05
310	100	.20	50	.10	.40	.10
311	100	50%	50	25%	-----	-----
312	-----	25%	-----	25%	20%	20%
313	100	40%	50	20%	-----	-----
314-a	20	.30	33½	.20	1.00	.25
b	20	.60	33½	.40	2.00	.50
315	-----	25%	-----	25%	-----	-----
316	-----	10%	-----	10%	-----	-----
317-a	} Unchanged.		-----	-----	-----	-----
b			-----	-----	-----	-----
c			-----	-----	-----	-----
d			-----	-----	-----	-----
318	300	.20	50	10.00	-----	-----

EXHIBIT H.

TARIFF QUESTION BETWEEN CUBA AND THE UNITED STATES.

Letter from Mr. Place, August 29, 1898, to Mr. R. P. Porter.

(See page 408.)

NEW YORK, August 29, 1898.

ROBERT P. PORTER, Esq., City.

MY DEAR SIR: Complying with your request, I have now the honor to give you my views regarding the tariff question between Cuba and the United States. The present custom-house tariff and regulations for ports in Cuba in the possession of the United States does not advance, neither improve, the situation. It only transfers the trade formerly of Spain to the other European nations.

An incalculable error.

The minimum tariff stipulated on all goods entering Cuban ports in possession of the United States prejudices Cuba and also the United States.

Cuba custom-house was estimated to raise from fourteen to sixteen million dollars per annum by the full tariff of September 9, 1897.

The tariff of September 9, 1897, which is now in force, was made with the object of charging the Spanish products subject to competition with very low dues, while competing foreign production was charged 100 to 200 per cent higher. This tariff was approved in August, 1897, and made especially to meet the reciprocity invitation made by the United States on the Dingley bill of July 14, 1897.

Some figures will explain this clearer:

	Maximum tariff.	Minimum tariff.
11. Crystal per ton of 1,000 kilos..	\$280.00	\$100.00
13. Glass and crystal, in ordinary mirrors..... do....	200.00	80.00
20. Porcelain, painted, gilt or emo., etc..... do....	233.50	50.00
31. Cast iron, in manufactured articles..... do....	58.00	18.00
43. Fine tools for arts, trades..... do....	200.00	80.00
51. Manufactured tin..... do....	109.00	30.00
80. Spirits of turpentine..... do....	67.50	25.00
103. Olive oil..... do....	110.00	30.00
106. Stearin and paraffin and wax..... do....	109.00	24.00
114. Powder..... do....	125.00	40.00
135. Cordage..... do....	162.00	60.00
177. Continuous paper of any weight, white or colored, cut, rolled, etc. do....	161.00	35.00
194. Common wood in articles of carpenters' work and in all kinds of articles..... per ton of 1,000 kilos..	95.00	20.00
195. Fine worked wood, worked into furniture or other articles..... do....	300.00	120.00
218. Shoes, cured leather..... per dozen..	5.75	2.20
219. Shoes, patent leather..... do....	6.72	2.30
222. All other expensive footwear..... do....	16.00	6.00
231. Planos..... each..	115.00	40.00
251. Coaches..... do....	130.00	50.00
264. Butter..... per ton of 1,000 kilos..	132.00	44.00
268. Rice..... do....	83.20	12.00
271. Flour..... do....	39.50	15.00
278. Canned goods, fish preserved in oil..... do....	120.00	15.00
279. Canned goods, canned garden stuff, and vegetables preserved..... do....	134.00	14.00
285. Sparkling wines..... per ton of 1,000 liters..	95.00	10.00
287. Ordinary wine in pipes..... do....	45.00	15.00
Ordinary wine in bottles..... do....	130.00	30.00
288. Beer in wooden casks..... do....	55.00	10.00
Beer in bottles..... do....	77.00	14.00
299. Biscuit..... per ton of 1,000 kilos..	130.50	38.00
310. Oilcloths..... do....	112.50	30.00

As it can be seen by the above figures, by establishing the minimum tariff the Cuban custom-house would not raise sufficient revenue to cover the running expenses, and the United States are not favored with a trade that belongs to her.

Eight-tenths of the produce of Cuba is purchased by the United States, and it is nothing but justice that eight-tenths of the Cuban wants should be purchased by Cuba in the United States, and until an able government is established in Cuba to satisfy Cuba and the United States, the economical situation of the island demands immediate action.

It is fair that the United States goods shall obtain advantages in the Cuban market, and in compensation some allowance ought to be made to Cuban products in the United States.

To allow all the countries of the world the minimum tariff is against the interests of the manufacturers and farmers of the United States, and it is also against the interests of Cuba.

Cuba will have many bills to face; her principal revenue must come from her custom-house; what taxes or outside revenues could any one exact from a country ruined by a disastrous civil war?

In 1893, out of an export from Cuba of \$100,000,000, the United States purchased	\$78, 706, 506
In 1897, out of an export from Cuba of \$30,000,000, the United States purchased	18, 406, 815
From 1891 up to 1897—	
Cuba has purchased from the United States	100, 456, 712
And the United States from Cuba	406, 326, 637
From 1881 up to 1890—	
Cuba bought from the United States	110, 474, 982
The United States from Cuba	554, 363, 665

And comparing the trade between the United States and Cuba, and the trade between Cuba and other countries, follows some figures:

1896:	
From the United States to Cuba	\$7, 312, 348
From Cuba to the United States	40, 017, 730
From Spain to Cuba	26, 892, 335
From Cuba to Spain	5, 571, 458
From the United Kingdom to Cuba	5, 266, 538
From Cuba to the United Kingdom	174, 187
From Germany to Cuba	1, 438, 996
From Cuba to Germany	2, 155, 400
From France to Cuba	338, 601
From Cuba to France	2, 338, 900
The total of imports in Cuba from the five principal countries amounted in 1896 to	41, 298, 818
Of which from the United States only	7, 312, 348
The total exports from Cuba to the five principal countries amounted in 1896 to	50, 307, 675
Of which to the United States	40, 017, 730

Therefore, considering that the United States buys seven-eighths of the Cuban sugar production, five-eighths of the tobacco production, all the iron ore mined in Cuba, and all the fruit and vegetables raised in Cuba, the island of Cuba, on a fair reciprocity, ought to be put in position so that she can purchase at least three-fourths of her wants from the United States.

And for said reason, I now submit to your careful examination and study a base by which such results will be obtained.

I. Until an able government is established in the island of Cuba to the interest of all concerned, the full tariff especially made by the Spanish Government and published in the Gazette of Habana on September 9, 1897, ought to be put in force on all imports into Cuban ports in the possession of the United States.

II. Export dues in Cuba on all goods ought to be abolished.

III. A *modus vivendi* with the United States ought to be established on a reciprocity basis and on the following conditions:

IV. All Cuban products entering United States ports, excluding

sugar and leaf tobacco, 50 per cent rebate on the duties imposed by the Dingley bill.

V. Cuban sugars up to No. 16, leaf tobacco, wrappers or fillers, 25 per cent rebate.

VI. All the goods and productions of the United States entering the island of Cuba, 50 per cent rebate.

VII. Cattle, for one year, free of all duty; after one year according to Article VI.

VIII. Coals, bituminous or anthracite, and crude petroleum, produce of the United States, to be admitted in Cuban ports free of duty.

I will call your attention to my demand for the full tariff for many reasons, and one example will explain it better, this one applying to all the others, viz:

Canned goods, fish—	Per ton.
Dues according to minimum tariff	\$15.00
Supposing 50 per cent off to the United States	7.50

leaving the duty of \$7.50 for the United States against \$15 per ton for foreign countries. The margin is so small that European productions will compete and for several reasons carry the trade.

	Per ton.
Duties according to full tariff	\$120
50 per cent off to the United States	60

There is margin for competing and also large custom-house revenues.

And what refers to canned goods does also refer to rice, shoes, pianos, coaches, crystal, glass, biscuit, cordage, paper, etc.

And to end, while the American trade ought to be protected, why not the American merchant marine on the direct trade from the United States to Cuban ports in the possession of the United States; if it is only on a very small margin I will suggest the following:

That a discriminating duty of 10 per cent ad valorem, in addition to the duties imposed by law, shall be levied, collected, and paid in Cuban ports in possession of the United States, on all goods, wares or merchandise, produce or manufacture of the United States imported into the island of Cuba, in vessels not of the United States, and said discriminating duties not only on articles subject to dues, but also on articles admitted on free list.

It would not be fair play for neutral flag to enjoy the same advantages as the American vessels on the direct trade with Cuba.

I could not suggest that on the trade from Cuba to the United States, the American flag enjoy more advantages than neutral flags until something more definite is known about the able government that will be established there, but justice demands that the American flag shall enjoy some advantages on the direct trade with the country temporarily under the military jurisdiction of the United States.

I have the honor to remain, respectfully yours,

LOUIS V. PLACE.

[Translation by Beall.]

Letter from Sr. Luis V. Placé to the president of the Centro General de Comerciantes e Industriales de la Isla de Cuba, setting forth his views on reciprocity with Cuba.

HABANA, November 15, 1901.

SR. D. FRANCISCO GAMBA,
*Presidente del Centro General de Comerciantes e
 Industriales de la Isla de Cuba.*

MY DEAR SIR AND FRIEND: I beg to acknowledge the receipt of your favor of the 13th instant, advising me that at your request the Centro General de Comerciantes e Industriales had appointed me a member of the commission delegated to proceed to Washington, an honor which said corporation had already conferred upon me in February of the current year.

No one can be more eager than I to defend the interests of Cuba before the Government of the United States, and therefore it is a matter of regret that I can not accept the honorable commission which you tender me, because, according to my understanding, the ideas of all the members of the commission should be in harmony.

"IN UNION THERE IS STRENGTH."

I do not consider the petition presented by the Centro General de Comerciantes e Industriales to the honorable the President of the United States as one that will advance the problem to the point of ready solution.

In order to formulate a *modus vivendi* pending the formation of the new government which is to rule in Cuba, and in view of present conditions and the urgent necessity of finding an economic solution thereof, are motives which prompt me to present in this letter that which, as I view the question, must be the basis on which these questions must be decided.

It is necessary first to convince the American people that in return for all we ask we are able to give due compensation. It is essential to convince them that although some of the interests which they have developed may suffer a slight loss, many other of their products may find in our markets due compensation therefor. It is necessary to convince them that we wish to live with them, because to them we owe the peace we now enjoy, and we would be grateful for the support which they rendered in the civil struggle through which we have passed and without which complete destruction and ruin would have been the fate of Cuba.

It seems to me to be useless to go to Washington and request of the Administration tariff concessions for our products unless a plan is agreed upon whereby due compensation is granted in lieu of what is asked for.

And Cuba, poor as she is, has yet much to offer in way of compensation.

And if prior to the establishment of the new government commerce, industry, and production is advanced by means of commercial reciprocity, the country should be grateful to those organizations, for the present economic situation demands immediate attention.

The reason why it is impossible for me to take part in the work of the commission en route to Washington is because I regard the petition of the Centro, especially with regard to sugar, as very prejudicial to the sugar interests of the United States, created at great cost, and stimulated under tariff protection, which we should respect.

Furthermore, if our sugars are granted free admission into the United States there would be demanded in return that the greater part of American products be admitted free of duties into the island of Cuba, which would so seriously affect our customs receipts that we would have to employ other forms of taxation, which, due to the present condition of our producers, can not be considered.

Before the intervening Government took charge of the custom-houses of Cuba I recommended to Hon. Robert P. Porter, on August 29, 1898, the following:

1. Until there is established in Cuba a stable government to the satisfaction of all, the special tariff prepared by the Spanish Government, and published in the *Gazette*, of Habana, September 9, 1897, be continued in force in all Cuban ports in possession of the United States.

2. Export duties in Cuba to be entirely abolished.

3. A *modus vivendi* between the United States and Cuba should be established under the following conditions:

4. All Cuban products entering the United States, except sugar and tobacco, to be granted a reduction of 50 per cent of the duties imposed by the Dingley bill.

5. Cuban sugars up to No. 16 Dutch standard, tobacco, leaf tobacco, wrapper and filler, a rebate of 25 per cent of the Dingley bill.

6. All the products and manufactures of the United States imported into Cuba be granted a rebate of 50 per cent of the duties prescribed in the tariff of 1897.

7. Live stock to be free for one year, and after one year to pay according to the tariff.

I must confess that it grieved me that the petition to be presented by the Centro de Comerciantes e Industriales makes no mention whatever of our smaller products—fruits, vegetables—nor of our ores, and our minor productions and ores merit protection, and those who cultivate one or two caballerías of land should be considered as well as those who cultivate a thousand.

If, in August, 1898, there had been recommended the plan above outlined, the present situation, which arises from the fact that the intervening Government failed to prescribe in its first tariff any advantages which should have been reserved both for our products and those of the United States, for, after the destructive civil war through which we have passed, some mutual concessions would have benefited their products and stimulated ours.

Therefore, in my opinion, our chief products now merit greater consideration, and we ought to propose the following:

1. Put into immediate operation in Cuba the tariff of September 9, 1897, excepting the special provision granted to machinery and material for ingenios and railways for the period named. The tariff to which I refer was prepared especially to meet the invitation for reciprocity arrangements made to all nations by the Dingley bill.

2. All the products and manufactures of the United States, Porto Rico, and the Philippines imported into Cuba to be granted a rebate of 40 per cent, prohibiting, however, the introduction into Cuba of leaf tobacco, whatever be its origin, including that of the United States and Porto Rico.

3. All products and manufactures of the island of Cuba imported into the United States a rebate of 40 per cent of the duties imposed by the Dingley bill, prohibiting, however, the importation into the United States of Cuban sugar above No. 16 Dutch standard.

The stipulation that the importation into the United States of Cuban sugar above No. 16 Dutch standard be prohibited is suggested as an offset to the prohibition of the importation of leaf tobacco from the

United States or her colonies into Cuba, thus mutually respecting the sugar industry of the United States and the tobacco industry of Cuba.

The reason for asking for the tariff of 1897 is, because conceding to the United States the 40 per cent, it would yet produce from \$15,000,000 to \$17,000,000 of customs dues.

It would be necessary also to make some concession with reference to the carrying trade, for which purpose I propose that the direct traffic between the United States and Cuba be carried exclusively under the Cuban and American flags.

The merchant marine of Cuba is to-day very small, but looking to the future, and confident that a people which reached a commerce that approximates \$250,000,000 annually in imports and exports may in a few years increase her commerce to \$300,000,000 or \$400,000,000 annually, should preserve for those who follow us the right to have at least a part of Cuba's products transported in Cuban vessels.

The economic condition of the island is to-day worse than I have ever known it to be.

The tempest draws near. How can it be evaded?

Putting all politicians and economists behind the plow, search out not only a way to produce but also some way to secure a recompense for that which is raised. To give attention alone to politics in the face of a hungry future will be disastrous.

The economic situation of the island under present conditions may be the cause in the not distant future of tumults and domestic strifes irrespective of the form of government that may be established here.

The efforts of commercial bodies, planters, producers to find an immediate remedy for our condition, merits not only the good wishes, but the most decided support of all the inhabitants of the Island of Cuba.

"THERE IS SORROW IN THE BOTTOM OF THE MEAL SACK."

Many can not realize that the social order of a people may become disorganized by the low price of its chief product.

This will be understood if it is remembered that in a country with a population of 1,600,000 souls, three out of every four live by this crop; three out of every four depend for a living on the planting, gathering, carting, transportation, and shipping of cane.

If this point of view, to which I have reached after a long and constant dedication to the study of the commercial questions which interest the country in its relations with the United States, can be reconciled in essential matters with the purposes which animate you and your worthy colleagues, I shall take great pleasure in associating myself with them in their difficult mission, because I am convinced that notwithstanding all the obstacles their work will be carried to a successful conclusion.

Otherwise I shall feel myself obliged to beg to be excused, because I believe the efforts they propose to make will be useless and perhaps injurious.

At all events, you may count always on the sympathy and esteem of your friend.

Very respectfully,

L. V. PLACE.

Translation of a letter from Juan Gualberto Gomez, addressed to Sr. Luis V. Place, in re commercial reciprocity between the United States and Cuba, outlining a plan whereby the same may be brought about without waiting for the establishment of a government in Cuba.

CONSTITUTIONAL CONVENTION OF THE ISLAND OF CUBA,
Habana, November 25, 1901.

MR. LUIS V. PLACE.

MY DISTINGUISHED FRIEND: I have before me copies of the letters which passed between you and the president of the Centro de Comerciantes e Industriales of this island, which bear respectively the dates of the 13th, 15th, and 19th of the current month. After studying the subject with the care which it merits, my personal opinion is that you should accept the position which has been tendered you on the commission appointed to advocate before the Government at Washington the economic measures which our situation demands, and that you ought to advocate the views which with such clearness you set forth in your letter of the 15th of November.

I do not believe you will find great difficulty in demonstrating to the Government at Washington either the justice or the equity of the claims you present in the articles of your proposed plan. To put into force the customs tariff of 1897 is not alone the part of wisdom, but it is the only position we can take as a basis for a compact with the United States. We must abandon the present tariff—capricious—changed at any moment by a simple order of the President of the Union and arranged exclusively in view of the interests of the production and commerce of the United States. It would be neither just nor equitable to reduce by 40 per cent the products and manufactures on present Cuban tariff. It must also receive favorable consideration by those who in Washington understand these matters, and it is impossible for them to object to your plan without departing from the spirit of the Dingley bill, because this is reciprocity, or the word has no meaning.

The only objection which I see may be presented is not, in my opinion, one that can not be overcome if they really desire to do something for the benefit of this country. Leaving aside all selfish interests, and without attempting any pseudo-legal subtleties which might have weight with those who may be easily deceived.

The objection to which I refer is that raised as to the lack of personality of the island of Cuba to enter upon treaty arrangements.

You should not hesitate on the strength of a false argument. It is true that treaties are made only between sovereign entities. But it is also true that the sovereignty of a civilized people is not a volatile thing which vanishes into space, but a positive reality always residing in the hands of some one; and he who holds it exercises it in all its fullness.

To day the sovereignty of Cuba, although temporarily, rests with the United States. It was assumed by the treaty of Paris, and was exercised in all cases when necessity or convenience demanded. Since it is in the hands of the United States, it is their duty to point out the manner in which this sovereignty may be provisionally exercised in order to solve the economic difficulties, making equitable and harmonious relations between Cuba and the United States.

Two methods occur to me. The first consists in calling together the constitutional convention and giving a wide and generous interpretation to the text of Order No. 301, of July 25, 1900, which created said convention, and ask said body that as it had defined the political relations which should obtain between Cuba and the United States it should

also set forth the temporary economic relations which should exist between the two countries, and which should remain in force until the future government of Cuba and that of the United States should celebrate a definite commercial treaty which would be a substitute for the provisional arrangement.

The second plan is even more simple, although it may seem to lack the necessary guaranties, and this is, that taking into consideration the three points set forth by you, the President, having obtained the necessary authority from Congress to lower for Cuba the American tariff according to the provisions of the Dingley bill, should issue an order whose provisions could be written in the following or similar terms:

Whereas the United States at present exercises all sovereign powers in Cuba, that it occupies said island and administers its government, and is therefore in duty bound to guard both its moral and mental interests; and

Whereas the exceptional position which the United States at present occupies in Cuba ought not to serve as an excuse for placing the interests of the people of Cuba in a condition inferior to those places not occupied by the United States; on the contrary, it is the duty of the United States to favor in every possible manner those interests.

Whereas as all producing classes of the island of Cuba have appealed to the United States begging the Government to give to their products and manufactures entry into the United States on the basis of reciprocity, which would give similar advantages to American products in Cuba.

Whereas as this petition of the producers has the support of the duly elected municipal authorities of Cuba and has even been the subject of a resolution passed by the Cuban constitutional convention.

After hearing the Centro de Comerciantes e Industriales of the Island of Cuba, it is ordered:

1. That there be put into immediate operation in Cuba the tariff of September 9, 1897, excepting the special provisions granted to machinery and material for ingenios and railways for the period named. Said tariff having been specially prepared to meet the invitation for reciprocity arrangements made to all nations by the Dingley bill.

2. All the products and manufactures of the United States, Porto Rico, and the Philippines imported into Cuba be granted a reduction of 40 per cent, prohibiting, however, the introduction into Cuba of leaf tobacco, whatever be its point of shipment, including that of the United States and Porto Rico.

3. All products and manufactures of the island of Cuba imported into the United States is hereby granted a reduction of 40 per cent of the duties imposed by the Dingley bill, prohibiting, however, the importation into the United States of Cuban sugar above No. 16 Dutch standard.

4. This order shall continue in force until the Government of the Republic of Cuba and that of the United States celebrate a treaty of commerce between the two countries as a substitute therefor. And in the event that they can not agree upon such a treaty the above order shall continue in force until abrogated by one of the parties thereto, after having given one year's notice.

I notice that the American Government in the exercise of sovereignty has power to do one of these two things above indicated. In matters of graver importance, as, for example, the settlement of the claims of the Catholic Church, which interested Cuba alone, the Government at Washington without hesitation acted as a sovereign power. Why vacillate in dealing with what interests the entire island and what all people request?

I thus hastily send you my opinions. With time for more thought on the subject I might have made my ideas clearer, but you desired, as I was given to understand, my general ideas as to your position, and I only desire that before you go north you may know that I consider your views well-founded and reasonable, and nothing but injustice can prevent you from accomplishing what you so much desire.

Farewell; may you have a pleasant voyage and return promptly and victorious is the earnest and heartfelt wish of your sincere friend,

JUAN GUALBERTO GOMEZ.

EXHIBIT L

Letter from military governor of Cuba to Hon. Sereno E. Payne.

HEADQUARTERS MILITARY GOVERNOR OF CUBA,
Habana, January 27, 1902.

DEAR SIR: I desire to invite your attention to the very serious economic condition existing in Cuba, and to earnestly request that you give your support to a reciprocity arrangement between Cuba and the United States which will give Cuba a reduction of not less than 33½ per cent of the United States tariff duties now paid by her principal products.

It can be stated as a fact that the average cost of production of sugar in Cuba is 2 cents per pound. This includes freights, sacking, and putting alongside ship. There are some plantations in Cuba which can produce for a little less, but there is probably a much larger percentage with whom the cost of production is in excess of the figure stated.

The present price of sugar alongside ship is, approximately, 1.6 cents per pound, or \$4.80 per sack of 300 pounds. This means a loss to the planter, with whom the cost of production is the average one (2 cents per pound), of \$1.20 per sack. The present United States duties are 1.68 cents per pound, or \$5.04 per sack. A reduction of one-third would result in a gain to the planter of \$1.68, which added to \$4.80—the present price of sugar—would give \$6.48, or an average profit of 48 cents per bag to the planter.

The purchaser buys his sugar, as stated, alongside ship. He knows the current price in the United States, deducts the tariff and his own profit, and what is left goes to the planter. There can be no question but that the reduction of the tariff will go altogether, or very near altogether, to the planter. Arguments to the contrary are those of people now interested in defeating the just and vital demands of Cuba for reduction. The Cuban sugar crop, neither in whole nor in part, is pledged to the sugar trust. This and similar rumors are those having the same source as the rumors concerning tariff reductions going to the sugar trust instead of to the planter.

The present situation can not last much longer. Planters have exhausted their resources, and a crisis, bringing with it financial ruin to the agricultural industries of the island, and through them to its commerce, is imminent. The people of this island are entitled to the greatest praise for what they have accomplished in the three years following the war. They have brought the sugar production up to a point where it will this year be two-thirds of the maximum output of the island. They have done this with the balance of trade against them to the extent of \$30,000,000 during the past three years; however, in accomplishing this result they have invested not only all their reserve capital, but have borrowed heavily. Had the price of sugar continued at the normal average of former years their labors would have resulted in success, but the large production of bounty-fed sugars and East Indian sugars has resulted in a competition forcing the prices of sugar to a point lower than ever before known, and Cuba finds herself to-day financially exhausted, an enormous crop of cane sugar in her fields, and forced to compete with highly protected American sugar and the bounty-fed sugar of Europe, her sugars receiving no consideration whatever.

It is impossible for her to continue the struggle under present conditions; relief must be granted, and granted quickly, or a condition will

arise in the island which will render the establishment and maintenance of a stable government highly improbable. A reasonable concession now will enable the regeneration and reconstruction of the island to continue. It will induce immigration and build up the industries of the island and its commerce.

Cuba has submitted a proposition of reciprocity which will turn to the United States \$34,000,000 of the \$37,000,000 of her trade which last year went to Europe, and under conditions of increasing agricultural and commercial prosperity her trade will soon be among the most valuable which we have. To-day it amounts to a little less than \$70,000,000. With conditions of confidence and prosperity it will probably soon reach \$150,000,000—a trade well worth cultivating—and of this amount at least \$144,000,000 should come from the United States.

We are bound to maintain a stable government here, we must protect our Southern seacoast from infection from Cuba; in other words, we are bound to protect Cuba politically and territorially and maintain her in a sanitary condition. Unless we permit her industries to live she will not have the resources to do it, and we shall have to again take hold of the work and do over again what we have already accomplished.

I believe it as much to our interest as to that of Cuba that the reciprocity request be granted and that we shall all be gainers by it. I trust that you will give the proposition your earnest assistance and support.

Very respectfully,

LEONARD WOOD,
Military Governor of Cuba.

HON. SERENO E. PAYNE,
Washington, D. C.

Letter from the civil governor of Habana to Hon. Sereno E. Payne.

GOBIERNO CIVIL DE LA PROVINCIA DE LA HABANA,
Habana, Cuba, January 27, 1902.

SIR: Our economic problems are more complicated than those of the same kind in the United States, because, in fact, we have not the data which are supplied by reliable statistics to anyone who studies these questions in the United States.

Sugar is, in the first place, the basis of our wealth, and second in importance is leaf and manufactured tobacco.

The greater part of our commerce is with the United States, which has become our commercial metropolis, but it can be affirmed without any fear of mistake that in the last years we have come out very much injured in the commercial relations between both countries.

Now, the political relations between Cuba and the United States brought about by the Spanish-American war justify us in asking of the United States better conditions in the commercial relations between the countries which will make our life possible.

We need and should obtain reductions in the duties paid to-day by our products when imported in the United States, because these reductions do not cause any harm to American industries.

Habana tobacco has no competition nor can it ever have in the United States. The American manufacturers need the Habana tobacco in order to make a saleable cigar satisfactory to the smoker, so that its

importation is beneficial instead of prejudicial to American industry.

It may be argued that the importation of Cuban leaf injures the Florida and Connecticut raisers, but I have always held and hold that, on the contrary, the Habana filler gives an opportunity to the American manufacturers to use Florida and Connecticut wrappers, while to-day the high prices at which the Habana tobacco must be bought, by reason of the high duties it has to pay, compels the Americans to use Sumatra, thus producing cigars of the inferior quality.

In a few words, what is of mutual advantages to both countries is the following: A reduction of 50 per cent in the duties paid by the Habana filler; a reduction of 80 cents on the Habana wrappers.

If this measure were adopted American manufacturers of clear Habana could favorably compete with our own manufacturers. The American manufacturers of seed and Habana would be benefited, as they could turn out a better product and could employ Florida and Connecticut wrappers in 10-cent cigars.

It has been said that the duties on wrapper and filler should be made the same at 35 cents. This would injure instead of benefiting us, as can be proven by taking into consideration our production of wrappers, which is as follows: What is known as Vuelta Abajo tobacco yields from 15 to 20 per cent wrapper; partidos, from 20 to 25 per cent, and that in good years, for in many years it does not reach 10 per cent; and, as to tobacco known as semi-Vueltas, Remedios, and other places, it does not give what is known strictly in commerce as wrapper, for the part used for that purpose is only for wrapping cigars sold in Cuba at 1 and 2 cents apiece, which could not be imported into the United States. Fabulous prices are obtained by good wrappers in our home factories, while the fillers overcrowd our warehouses, and to-day, while our fillers are at very low prices, wrappers are sold from \$500 to \$600 per bale of no more than 75 pounds. And it may be added that in the last days of Spanish domination the introduction of American and Sumatra wrappers in the islands was a source of great smuggling.

My long experience in the tobacco business in the United States as well as in Cuba authorizes me to give a well-founded, and, I may say, impartial, opinion, for, owing to my many relations in both countries, I see the interest of both, and I can assure you that if some measure were adopted as that proposed by me it would be of the utmost mutual advantages. If, on the contrary, the duty were made the same on wrapper and filler, instead of Cuba receiving any benefit it would be injured, and the manufacturers of pure Habana, of Key West and Tampa, would be the only ones benefited, with great injury to our manufacturers, who would have to have wrappers at fabulous prices, as they do not have the opportunity of buying foreign ones, as the Americans have.

If it is the aim of the United States to help us, and at the same time help American industries, there is only one way, and that is the one suggested by me, which I am sure will have the support of all practical men in the business who look at the matter from an impartial point of view.

With the highest consideration, I am, sir,

Yours, very respectfully,

EMILIO NÚÑEZ,
Civil Governor of Habana.

Hon. SERENO E. PAYNE,

Representative from New York, Washington, D. C.

EXHIBIT J.

Letter to Hon. John Dalzell from Mosle Brothers, of New York, American agents of the largest sugar producers in the provinces of Santiago and Puerto Principe, relative to conditions of the sugar trade.

NEW YORK, February 4, 1902.

MY DEAR SIR: I venture to address you at this late date on the subject of the proposed alterations in the United States customs tariff for products imported from the island of Cuba.

My firm, Mosle Brothers, has been doing business with Cuban sugar producers, merchants, and bankers for many years. We have been in active business with Cuba since 1880. We have about twenty-five firms as correspondents in the different ports and provinces of the island. We carried our correspondents successfully through the Spanish-Cuban and Spanish-American wars, through that critical and trying period lasting for over three years—May 1895 to July 1898.

We are the American agents of the largest sugar producers in the provinces of Santiago and Puerto Principe; we sell the sugar produced on the Central Santa Lucia, near Gibara, a port on the north coast of Santiago Province, and for the Central Senado, near the town of Las Minas, halfway between the city of Puerto Principe and the port of Inuevitas, on the north coast of the province of Puerto Principe.

In normal years each one of these factories has an output of 100,000 bags of sugar. Each one of them represents an investment—for land, machinery, rolling stock, buildings, plantation, and live stock—of over one and a half million dollars, and probably over \$2,000,000, United States gold.

My partners and I have made regular trips to Cuba annually for the last fifteen years, and through our connection—as agents for these two large sugar factories—have made the most careful examination possible of cost and maintenance of sugar factories.

I believe that these two plantations can produce sugar more cheaply than almost any others in the island of Cuba by reason of their exceptional natural advantages. Located in most fertile districts, each is free from that keen competition for labor to which the sugar plantations in the more populous provinces of the island are exposed; each is equipped with the best machinery of American and European manufacture that we have been able to find and supply; each of them pays for whatever raw material (sugar cane) it requires to buy on a sliding scale of prices, so that its raw material is cheapest when the sugar price—fixed in Habana—is lowest. Therefore their raw material in the past month has been purchased more cheaply than ever before, since the price of sugar in Habana in January has been lower than ever before recorded. Nevertheless we find that these sugar factories have not been able to make and sell their product last month—except at considerable loss—at the prices that have ruled and still remain the market value, either at Habana, New York, or London, the three principal sugar markets.

If your honorable committee will still receive this evidence, or any communications bearing upon the advisability of lowering the United States import duties for products of Cuba, I hope that you will lay my letter before them.

I did not write to you or to the committee last month, because my partners and I believed that so much evidence, proving the need of

reducing the duties, and such weighty reasons to show the gain in United States exports that will certainly follow by giving Cubans purchasing power, had been presented, that no further communication was required.

It has occurred to me that your committee may feel surprised that the Cuban sugar planters themselves have not appeared before your body in greater numbers to urge the measure which will bring them such greatly required relief, and, in explanation, I would say that most of the Cuban planters are also sugar-factory managers, so that their presence in the factory and on the plantation is absolutely indispensable at the beginning and during the most active month of the harvesting and manufacturing season. The personal influence and the presence of the owner are almost essential to success in such a semi-agricultural, semimanufacturing business as that of sugar production.

If I may impose on your time a little more, I should like to add a few words from the standpoint of the Cuban sugar producers, whom we have known for so long a time that I feel I can faithfully speak for them, when I say that the great majority of them were practically bankrupt in July, 1898, at the close of the Spanish-American war, and would scarcely have sought fresh credits to revive and repair their fields and factories, and would still less likely have received fresh credits for that purpose, but for the fact that the United States Government then entered upon the protection of the island of Cuba, which it has maintained without the slightest objection or hindrance from the Cubans themselves for the past three and one-half years.

Again, the sugar prices of the world were already so low in November and December just past (1901) that most of the Cuban planters and factories would not have received the credits and advances necessary to work up the present crop but for the fact that the United States Government, in the message to Congress of its President and the forcible report of its Secretary of War, clearly stated its desire and intention to make reciprocal tariff arrangements, or even a reduction of its own tariff, in order to make possible a healthy development of Cuban agriculture and industry.

This I write from the standpoint of the Cuban sugar producers, and may add that the current losses and deficits above mentioned are not the most severe, for, as sugar production is in great part an agricultural enterprise, each plantation requires renewals of its cane fields to the extent of 15 per cent per annum, at least, and such renewals, or clearing, plowing, and planting new land must be done in the months of February and March, so as to benefit by the April and May rains. This requires additional expenditures over and above the actual harvesting and factory costs, and when the month of May is reached the planter has still a period of eight months—May to January—known as the "dead season," during which such plantations as those mentioned in my letter require, for the proper factory renewals, repairs and maintenance of railways, and careful cultivation of cane fields, at the lowest—as proven by the experience of many years—the sum of \$100,000 each.

A reduction of 25 per cent in duties, that has been mentioned, would only suffice to bring the best equipped and situated Cuban sugar producers out without manufacturing loss at present prices, leaving them without the means to provide for the continuance of their fields and factories.

When the state of the most favorably situated and well equipped plantations and factories is so critical, that of the greater number in the island of Cuba must be desperate indeed.

Believe me, yours, very sincerely,

GEORGE R. MOSLE.

HON. JOHN DALZELL,

Committee on Ways and Means, Washington, D. C.

*Letter from J. W. De Castro, of New York, to Mr. H. T. Oxnard—
Cost of production of sugar in Cuba.*

312 WEST FOURTEENTH STREET,

New York, January 16, 1902.

DEAR MR. OXNARD: I have delayed writing to you for a day, as I was waiting for a cable from Cuba. As I told you there had been made a change in the terms at which I offered you the San Ramon plantation, I have been waiting to hear by cable to what this change amounted. I suppose that instead of cabling the Cuban party has preferred to write, which means delay, and as loss of time has to be avoided I now beg to hand you some figures about the results obtained on the plantation, for the object of enabling you to discuss the matter meanwhile with your brother when he comes up from New Orleans.

To the profits of 1900-1901 (\$98,385.33) the sum of \$16,642.62 has to be added, as the money was spent for replanting fields destroyed during the war, or the sum may be deducted from the expenses.

The production has been 5,806 tons in 1895-96 (10.6 per cent of the weight of the canes) and 5,390 tons (11.6 per cent) in 1900-1901. This makes the cost of production of 1 pound of sugar f. o. b. Cuba 1.35 cents and 1.31 cents, respectively, which cost would be considerably reduced if the canes were to be taken to the mill by rail instead of by oxen, as is done at present.

I hope to hear from you or to see you before the 22d.

Very truly, yours,

J. W. DE CASTRO.

H. T. OXNARD, Esq., *Washington.*

	1895-96.	1900-1901.
REPORT OF EXPENSES.		
Elaboration of 4,409,262 arrobas of cane and expenses for cutting and cartage.....	\$140,741.07	.....
Elaboration of 8,712,408 arrobas of cane and expenses for cutting and cartage.....		\$114,658.30
General expenses.....	6,775.90	13,865.81
Repairs.....	4,878.36	5,606.84
Elaboration of rum.....	1,758.17	8,170.48
Taxes.....	2,293.59	4,268.00
Reconstruction of cane fields.....		16,642.62
Total.....	156,437.09	156,211.56

	1895-96.	1900-1901.
REPORT OF PRODUCTION.		
Sales of sugar	\$328, 278. 84	\$343, 697. 37
Sales of rum	9, 188. 88	7, 892. 51
	337, 467. 72	256, 596. 88
Profits	181, 030. 63	98, 385. 33
Out of the profits there were paid—		
To the director as salary	18, 875. 62	12, 829. 84
And for office expenses	1, 800. 00	1, 800. 00
Interest	20, 028. 64	8, 605. 68
Given to the Cuban forces	16, 390. 00	

I hereby certify that this is a true copy of the statements made to me by the owners of the property, the original of which I hold at your disposal.

Yours, truly,

RAMON MARTINEZ.

NEW YORK, December, 1901.

Statement of Mr. John L. Howard, of San Francisco, Cal.

SAN FRANCISCO, January 10, 1902.

DEAR SIR: I am to-day in receipt of your telegram, and regret the utter impossibility of my leaving here to attend the meeting of the Ways and Means Committee on Wednesday next.

Necessarily I have had to give much consideration to this sugar question, because of my connection as president of the Alameda and Union sugar companies, and you will please bear with me while I give you briefly the position which I have taken, and which I think ought to be taken by all beet-sugar men.

We are so far removed from the agitation connected with the Cuban question that we do not, perhaps, understand the importance which attaches to the Eastern minds on this matter of our "moral obligation" to the people of Cuba, and we are inclined to regard this as largely sentimentalism.

Be that as it may, one thing is certain, Cuba is not annexed; it is not yet part of us; its people are not as yet our people. Another thing is certain, we are not self-supplying in the matter of sugar. It is being rapidly demonstrated that we can become so. We have the American farmer who is struggling with cereal crops that on the average are unprofitable. Sugar-beet culture promises him the earliest and largest relief, and he will reap the largest benefit, because the cost of beets is more than half the cost of the manufactured sugar, and wherever a factory is established the surrounding farming community is prosperous.

In 1888, Alameda County, Cal., possessed the only beet-sugar factory in operation in America. Its capacity was 90 tons beets per day. At present the combined capacity of all the beet-sugar factories is over 30,000 tons per day for the season, and the major portion of this increase has occurred within the past five years.

It is no longer a manufacturing question. Our methods and our sugar are not excelled in Europe. It is the agricultural development that needs the attention, and as the capabilities for beet culture of the different sections of the country are demonstrated so factories are

started, until now, instead of one small factory in your home county there are 33 factories scattered through 11 States, and more are in contemplation.

The unchecked development of the sugar-beet industry will mean this to the United States.

It will keep at home the \$85,000,000 we are now sending abroad to pay for the 1,360,000 tons sugar we are now buying annually from foreigners.

It will call for the investment of \$136,000,000 of local capital in factories to supply the above amount of sugar from beets.

It will require the continual cultivation of 1,360,000 acres of land to produce the 1,360,000 tons of sugar, and at the present rate the farmers will receive annually for this crop a total of \$60,000,000.

It will furnish employment to 400,000 men.

These are the possibilities of the business, and the figures should make Congress pause before impulsively running after the sentiment.

Germany now produces from beets one-third of the world's sugar product, and yet the history of the industry in that country shows that at the end of the same period after its beginning there, the rate of progress was far below what has been accomplished in the United States, and there is no reason why we should not, within a very few years, rise to the point of supplying our home consumption, if it is not checked by the sentimentalism that seeks an outlet for its ethics abroad, and is blind to the crying need of their application to the farming element at home.

Before the Spanish war Cuba was not in need of the help which it is now intended to give. If the duty be removed or lessened it will be a repetition of the Hawaiian reciprocity treaty.

The alleged intention is to cheapen the cost of sugar to the American consumer. The actual effect was that the consumer obtained no advantage, but the planters on the one hand charged for their product the full value of the duty-paid sugar, and the refineries, by monopolizing the supply of raw sugar, manipulated the selling price into millions of profit.

This literary volcano of the sugar trust, which is now in full eruption, is flooding the country with pamphlets and circulars to educate public sentiment and to mold the opinions of those in high political life in favor of free sugar from Cuba. Every fact that can be turned into importance, every argument that ingenuity can invent, is being pamphleted and sent broadcast.

The sugar trust buys its raw product, and it produces nothing.

For the first time they show by their commercial tactics that they fear the further growth of the beet-sugar industry, because with that growth their power and enormous profits will wane.

I will not burden this letter with a recital of their tactics during the past season, which would conclusively prove this statement, but will close with the hope and the earnest appeal that in the important position you occupy you will see your way clear to consistently stand up for the protection of an enterprise which is so full of promise.

Yours, respectfully,

JOHN L. HOWARD.

Hon. VICTOR H. METCALF,
Washington, D. C.

SAN FRANCISCO, *January 14, 1902.*

MY DEAR SIR: Yours of January 4, asking information regarding the beet-sugar industry of this and other States, is received.

There are 8 beet-sugar factories in California, located as follows:

California and Hawaiian Sugar Refining Company, at Crockett. This refinery has a beet-sugar attachment.

Alameda Sugar Company, at Alvarado, Cal.

Spreckels Sugar Company. This company has 1 factory at Watsonville and 1 at Spreckles, near Salinas.

Union Sugar Company, Betteravia, Santa Barbara County, Cal.

Oxnard Sugar Factory, at Oxnard, Cal., Ventura County.

Chino Sugar Factory, at Chino, San Bernardino County.

Los Alamitos Sugar Company, at Los Alamitos, Los Angeles County.

These factories have a combined capacity of 9,800 tons of beets daily. Only 7 of them are in operation, the Watsonville Sugar Factory being idle. The capital invested in the 7 factories is \$9,650,000. Annual disbursements for operating, \$7,500,000. Acres cultivated to beets, 88,000. Number of factory employees, 2,350. Annual railroad freights in and out of factories, 900,000 tons. Sugar bags used annually, 2,235,000. Lime rock used annually, 117,000 tons. Fuel, calculated as coal, 106,800 tons. These factories are all located in the State of California.

I have reports from 31 factories out of a total of 48 in the United States (including those above mentioned), and these show:

Daily capacity.....	tons..	20,680
Capital invested.....		\$25,185,000
Annual disbursements for operation		\$17,814,000
Area planted annually to beets.....	acres.	221,500
Factory employees.....		7,355
Railroad freights, from and to the factories.....	tons..	1,571,500
Sugar bags used annually.....		4,000,000
Fuel used, calculated as coal	tons..	443,000
Lime-rock used	do...	200,000
Coke used.....	do...	20,000

In addition to the sugar produced in the United States and Territories, it requires 1,360,000 tons from foreign sources to supply the needs, and if this quantity of sugar could be produced at home at a cost of \$60 per ton, it would require an expenditure of \$81,600,000 to produce it.

If calculated into day labor, at \$1.25 per day, it would furnish one day's work for 65,280,000 people.

The yield of sugar is about 1 ton to the acre. This would mean that 1,360,000 acres of land would be diverted from cereal to beet culture, and to that extent bring relief to a portion of the farming community which is now suffering from overproduction and consequent low prices for grain.

It would increase the agricultural-implement business to an enormous extent, because beet culture requires more days' work per acre than cereal, and the implements used are of another class. Railroad transportation would be also stupendously increased from 1,250,000 tons at present to 8,500,000 tons.

The lime-rock quarries would have to supply 1,360,000 tons of rock, and the coke ovens would be called on for 136,000 tons of coke in addition to that now produced. The above amount of sugar would require 27,200,000 double bags for packages, and these would be made at home from imported jute and American cotton.

The industries which would be benefited by the extension of the domestic beet-sugar industry are too many in number to be classified offhand, but I venture to say that there is no occupation, however humble, however high, that would not be benefited; and why the realization of this magnificent future for the United States should be denied the American people by allowing foreign sugar to come in at a reduced tariff is beyond my understanding.

If one may judge by the development of the Cuban sugar industry since peace was declared, it would seem that she needed no stimulus in the way of reciprocity, or otherwise, to increase her output of sugar.

In 1897 the production of sugar was reduced to about 300,000 tons, while in 1901 it had already, in spite of our tariff, increased to 600,000 tons, while the estimated production for 1902 is 800,000, and for 1903 1,200,000 tons. Surely such a rapid increase does not indicate a needed reduction of duty on the part of the United States.

Reciprocity is one-sided, and while we may admit Cuban sugar free, there is no article in the whole schedule which Cuba would purchase from the United States if it could be bought cheaper elsewhere.

The advocates of a removal of the duty claim that the price of sugar to the consumer will be reduced, and that it will effect a saving to the people of the United States of \$85,000,000. Judging by the working of the Hawaiian reciprocity treaty, it will not so result. In the latter case the duty was divided between the planters and the sugar refiners, and that division is represented to-day, by the price of Hawaiian sugars in this market which is three-eighths cent per pound less than the New York price for the same class of sugar.

If the duty on Cuban sugar is reduced there will also come a reduction of price to the refiner, but not to the consumer. And this difference in price will also be used as a weapon to crush out the life of the beet-sugar industry. Hence, if sugar of any kind is admitted duty free into this country, the beet-sugar industry must cease and those factories now in existence will go out of operation.

Beet sugar produced by free white labor can not compete with cane sugar produced by semislave labor.

As long as Cuba remains independent it can control its labor market, and the planters can import labor from wherever it can be had the cheapest. We can not do this; we can not even make binding contracts with free white labor to-day; we have difficulty, at present, in getting enough labor to do the work effectively, and are now paying the highest field wages ever known in this State. What the outcome is to be for the domestic beet-sugar industry under the conditions of labor shortage, threatened reciprocity with Cuba, the war by the sugar trust against the beet-sugar industry, and an overproduction of sugar throughout the world, not one can foretell. The labor question will adjust itself, but as to the others we must depend on our representatives in Congress to oppose strenuously any reduction of the sugar tariff, whether by reciprocity or otherwise.

Yours, very truly,

E. C. BURR.

Hon. VICTOR H. METCALF,
Washington, D. C.

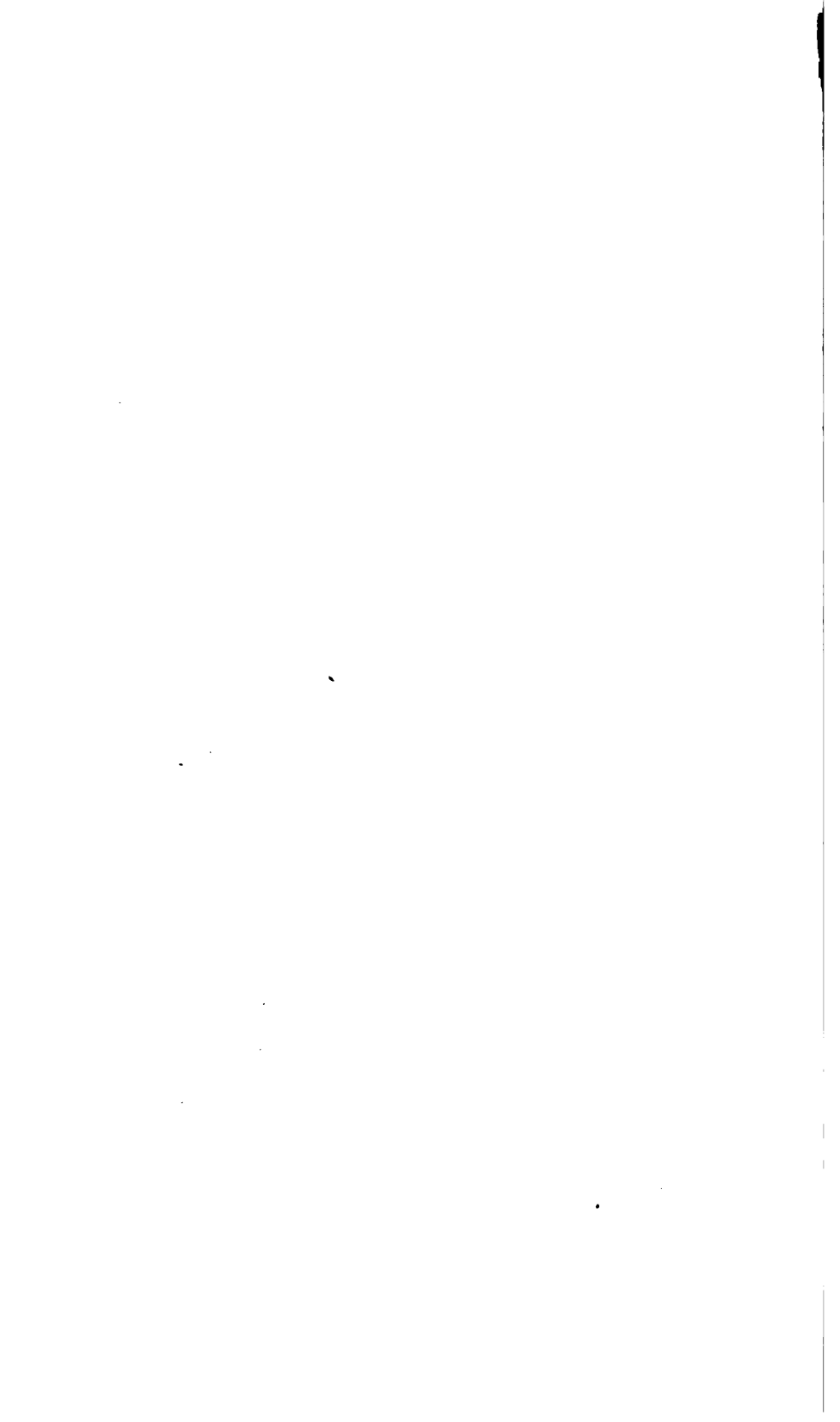


EXHIBIT K.

(See pp. 479, 480, 509.)

U. S. DEPARTMENT OF AGRICULTURE.
BUREAU OF CHEMISTRY—BULLETIN No. 64.

**THE INFLUENCE OF ENVIRONMENT UPON THE
COMPOSITION OF THE SUGAR BEET.**

BY

HARVEY W. WILEY,
CHIEF OF BUREAU,

**IN COLLABORATION WITH THE WEATHER BUREAU AND THE AGRICULTURAL
EXPERIMENT STATIONS OF INDIANA, IOWA, KENTUCKY, MICHIGAN,
NEW YORK, CORNELL UNIVERSITY, NORTH CAROLINA,
UTAH, AND WISCONSIN.**

JULY 30, 1901.

THE INFLUENCE OF ENVIRONMENT UPON THE COMPOSITION OF THE SUGAR BEET.

ORGANIZATION OF COLLABORATIVE WORK.

For more than a quarter of a century the Division of Chemistry of the Department of Agriculture has been studying the effect of environment upon the composition of the sugar beet in so far as its content of sugar is concerned. The present bulletin will be devoted principally to the study of climatic influences, reserving for future monographs the rôles played by the soil and applied fertilizers.

The early studies of this division emphasized the fact, already pointed out by European investigators, that beets grown in more northern latitudes show a higher content of sugar than when grown farther south. So strongly were these facts brought out by our own investigations that it was deemed advisable to limit, or at least suggest the limitation of, the growth of the sugar beet for commercial purposes to the more northern portions of our country. When, later on, the development of the arid regions showed the possibility of the production of beets of high grade, a totally different problem was presented for consideration—a problem which had never been entered upon by investigators of agricultural science. It is evident that the factors which are dominant in irrigated areas are very different from those which determine the character of the product in areas where the rainfall is usually sufficient for the production of the crop. In the present bulletin our studies have been confined to the usual climatic conditions prevalent throughout the greater part of the United States devoted to agriculture. In order, however, to include at least some idea of the nature of the problem in irrigated regions, one station, namely, that of Utah, was invited to collaborate in the work. The Bureau¹ is greatly indebted to the directors of the agricultural experiment stations who consented to collaborate in the work, not only for the heartiness and value of their cooperation, but especially for the reason that this collaboration was given without adequate compensation. Inasmuch as the funds available for the investigation were very limited and scarcely more than sufficient to conduct the chemical work at the Department

¹ On July 1, 1901, the Division of Chemistry became a Bureau.

of Agriculture, it would have been impossible to have carried on the work without the generosity of the collaborating stations. The following agricultural stations were invited to cooperate in the work and all accepted, namely: Indiana, Iowa, Kentucky, Michigan, New York, North Carolina, Utah, and Wisconsin. In New York both the State station at Geneva and the Cornell station at Ithaca were invited to collaborate.

The following letters were sent to the directors of the several stations named on April 4 and 17, 1900:

APRIL 4, 1900.

DEAR SIR: I have just received from Mr. Maurus Deutsch, one of the progressive sugar-beet seed growers of Austria, a small quantity of the very highest grade of sugar-beet seed, of three different varieties of the Austrian Kleinwanzlebener. I should like very much to have this seed planted with the greatest care, cultivated in the highest style of the art, and analyzed at the period of full maturity.

If you can use a small quantity of this seed, say enough to plant an eighth or a fourth of an acre, I shall be very glad to send it on to you, together with a full description of the names, etc.

Please let me hear from you at your earliest convenience in regard to this matter.

Very truly, yours,

H. W. WILEY, *Chemist*.

APRIL 17, 1900.

DEAR SIR: I take pleasure in sending by separate mail the high-grade Austrian beet seed of which I wrote you a short time ago.

The purpose I have in view in asking your collaboration in this matter is to make a careful study of the influence of climate on the character of the beets grown. To this end the seed has been distributed over a wide range of meteorological conditions, and the result of the study will be of the greatest interest.

For this reason I have requested your aid, and would ask you to take every possible care in the growth of these beets. I especially want the seed planted in sufficient quantities to insure a perfect stand. These seeds have not been tested by the division here, because I did not want to wait until that was done, and therefore I would ask you to plant them at the rate of at least 30 pounds per acre, under the most favorable conditions possible. I would also ask you to attend carefully to the cultivation of the beets, and to keep a record of the cultivation data and the meteorological conditions which prevail during the growing season.

For analytical purposes I would be glad if you would send here, from time to time, representative samples of the beets. Mailing facilities will of course be granted you for this purpose. If you have not already the use of the frank of the Department for this purpose, please inform me at the time of harvest and I will send special franks for the transmission of samples through the mails, and also the directions for securing the representative samples desired.

I would like also to have the analyses made at your own laboratory, if you have time to do so.

I thank you most heartily for your consent to enter into this collaborative work, which I trust may prove of advantage to your station.

Very truly, yours,

H. W. WILEY, *Chemist*.

To each of the stations collaborating the requisite quantity of the Austrian Special Kleinwanzlebener beet seed was sent. There was no special reason for the selection of this particular variety of seed other than that it was produced from mother beets which had been selected by analysis on account of their high sugar content. The tendency of such seeds would therefore be to produce beets of uniformly high grade. It is evident that any variation in the quality of the beets grown in different localities from the same seed must be due to the environment, namely, soil, fertilization, culture, and meteorological conditions.

EXPERIMENTS CONDUCTED AT WASHINGTON, D. C.

A plot on the agricultural farm situated on an island, or reclaimed lands, of the Potomac River, lying south of Aqueduct Bridge, was also planted with the Austrian Special Kleinwanzlebener beet seed and subjected to the ordinary careful cultivation necessary for the production of high-grade beets. These lands, being sufficiently fertile, received no fertilizer of any kind. The soil was formed of débris taken from the Potomac River by dredging machines, and therefore it has no geological characteristics. It is a mixture of silt, sand, and organic matter, readily yielding to tillage and forming a fine seed bed. It was prepared by deep plowing, harrowing, and reducing the surface to fine tilth. The roots produced by a previous year's growth when not in cultivation were carefully removed from the soil. The physical condition of the soil at the time of planting was all that could be desired, and the growth of the beets was uniform and luxuriant. The beets were planted on May 5, and thinned to nearly the proper stand about June 15, the thinning being completed about one month later. They were cultivated once a week until July 15. The meteorological data for Washington for the period of growth is as follows:

Meteorological data for Washington, D. C., from May to October, 1900.

Month.	Mean tempera- ture.	Precipi- tation.	Sunshine.			Clear days.	Cloudy days.
			Actual.	Possible.	Per cent.		
	Degrees.	Inches.	Hours.	Hours.			
May	64.4	4.02	256.0	443.8	58	17	9
June	72.2	10.94	244.1	445.9	55	11	9
July	78.7	1.25	351.6	458.0	78	13	6
Total	71.8	16.21	.....	.....	63.7	46	23
August	79.6	2.28	334.7	423.2	79	22	5
September	73.6	4.61	254.6	373.4	68	15	6
October	61.6	1.44	168.7	346.0	49	13	14
Total	71.6	8.33	.....	.....	65.3	50	25
Sum total	71.7	24.64	.....	.....	64.50	96	48

The dates of securing samples, the weight of samples obtained, the estimated yield in tons per acre, average weight of the beets har-

vested, the percentage of sugar in the beet, and the purity of the juice are given in the following table:

Analytical and field data on the Austrian Special Kleinwanzlebener beets grown on the experiment farm, Potomac Flats.

Date harvested.	Weight harvested from 6 feet of row.	Estimated tons per acre.	Average weight.	Sugar in the beet.	Purity.
1900.	<i>Lbs. Oz.</i>		<i>Ounces.</i>	<i>Per cent.</i>	
September 19	46 8	12.5	14.6	9.8	72.1
September 24	49 2	14.3	17.9	9.8	70.8
October 3	52 6	15.2	16.1	8.7	71.5
October 9	56 7	16.4	15.8	8.4	71.0
October 15	50 14	14.8	17.7	8.4	71.0
October 22	61 3	17.8	19.1	7.9	69.2
October 30	60 2	17.5	19.8	7.6	68.4
November 6	58 8	17.0	17.7	7.9	63.4
November 13	40 11	11.8	13.6	7.8	69.0
November 19	46 6	13.5	17.7	8.6	71.1
November 27	44 7	12.9	20.3	8.1	65.9
December 3			27.8	7.1	63.4
December 11			22.5	8.6	69.0
Average		15.0	18.5	8.3	69.1

As seen by the table, the samples were taken at intervals of from five to seven days, beginning on September 19 and ending on December 11. The samples which were taken on December 3 and 11 were not weighed, nor was there any calculation made of the yield per acre. The average weight of the beets harvested, however, was determined as usual in these two samples. The average data show that the beets weighed 18.5 ounces, had a content of 8.3 per cent of sugar, with a purity of 69.1. The highest content of sugar was found in the beets first harvested, which leads me to believe that had the analyses been commenced at an earlier date, as, for instance, the first of September or the last week in August, a higher content of sugar might have been found. During the latter part of October there was a notable loss in sugar contained in the samples, which, however, was regained in November and continued until the advent of heavy frosts, a little before the middle of December. The variation in the content of sugar in the individual samples from the mean is quite small; the content of sugar having remained almost constant during the whole period of the investigation. The purity coefficients are very low, but probably no lower than would be expected in beets having only a little over 8 per cent of sugar and produced in a soil favorable to rapid and spongy growth. The analytical data show the futility of attempting to grow beets for commercial purposes in such an environment as was afforded by the Department farm.

EXPERIMENTS CONDUCTED BY THE INDIANA STATION.

These experiments were made at two stations, namely, at the agricultural experiment station at Lafayette and at North Judson, in Starke County. Mr. Huston, the chemist of the station, in his report dated November 7, 1900, makes the following statements:

The beets on our own farm, Lafayette, were badly affected by leaf spot. Those at North Judson were much better, but in sugar percentage they did not equal the beets that we have been receiving from North Judson, which were raised from commercial seed. I have asked Mr. Wilson to send me additional samples, which ought to be here in a few days, and we shall continue examining beets on our own farm until the ground freezes. The season has been unusually warm and pleasant; in fact I think a little too warm in this section for beets to ripen. We had no killing frost until after the 1st of November, and we have not yet had a frost hard enough to injure green tomatoes. The ground is fairly moist, so that the beets are probably still growing. This is a very unusual state of circumstances, as our first killing frost is due, on an average, by the 15th of September.

The meteorological data for Lafayette from May to October are as follows:

Meteorological data for Lafayette,¹ Ind., from May to October, 1900.

	Mean tempera- ture.	Precipi- tation.	Clear days.	Cloudy days.
	Degrees.	Inches.		
May.....	64.3	6.39	8	14
June.....	69.8	7.88	2	17
July.....	74.5	5.26	14	8
Total.....	69.5	20.18	24	34
August.....	78.6	4.21	13	7
September.....	69.3	2.75	13	5
October.....	62.2	3.43	14	7
Total.....	70.0	10.39	40	19
Sum total.....	69.75	30.62	64	58

¹ For sunshine data see table for Indianapolis, the nearest station at which sunshine records were kept.

Meteorological data for Indianapolis,¹ Ind., from May to October, 1900.

	Mean tempera- ture.	Precipi- tation.	Sunshine.			Clear days.	Cloudy days.
			Actual.	Possible.	Per cent.		
	Degrees.	Inches.	Hours.	Hours.			
May.....	65.6	6.14	239.7	446.7	65	7	11
June.....	71.0	4.42	241.7	449.0	54	6	9
July.....	75.2	4.10	325.3	456.2	71	14	4
Total.....	70.6	14.66	.....	.....	63.3	27	24
August.....	79.4	3.32	309.5	425.2	73	9	4
September.....	70.8	2.95	220.8	373.6	59	10	7
October.....	63.4	3.20	226.1	344.9	66	15	7
Total.....	71.2	9.47	.....	.....	66.0	34	18
Sum total.....	70.9	24.13	.....	.....	64.65	61	42

¹ Fifty-nine miles southeast of Lafayette.

One analysis was made of the beets grown at the experiment station, with the following results:

Date of planting.....	May 7
Date of harvesting.....	October 29
Average weight.....	ounces.. 4.9
Sugar in juice.....	per cent.. 10.5
Sugar in beet.....	do.. 9.9
Purity.....	83.0

Two analyses were made of the beets grown by J. M. Wilson at North Judson, giving the following results:

Field data and analyses for Austrian Special Kleinwanzlebener grown at North Judson, Ind.

No.	Date of planting.	Date of harvest.	Average weight.	Sugar in juice.	Sugar in beet.	Purity.
1	May 26.....	Oct. 1.....	Ounces.	Per cent.	Per cent.	
2	May 26.....	Oct. 24.....	17.5	13.7	13.0	88.0
			12.9	15.1	14.3	93.0

The only meteorological data obtainable for North Judson are those for South Bend, as given below, and as no regular station, either agricultural or meteorological, exists at these points, the results for North Judson have not been included in the data plotted on the charts.

Meteorological data for North Judson,¹ Ind., from May to October, 1900.

Month.	Mean temperature.	Precipitation.
	Degrees.	Inches.
May.....	62.9	1.74
June.....	69.0	2.08
July.....	72.6	5.61
Total.....	68.2	10.21
August.....	76.4	6.45
September.....	67.4	2.25
October.....	61.4	1.31
Total.....	68.4	9.99
Sum total.....	68.3	20.20

¹ Data given is for South Bend, 40 miles northeast of North Judson. For sunshine record see Lafayette, 56 miles south, and Indianapolis, about 100 miles south, of North Judson.

In transmitting the above meteorological data Mr. Huston, under date of March 27, 1901, makes the following comments:

I inclose the weather record for Lafayette and for South Bend. We have no observer at North Judson, but South Bend is up the valley a little ways, and is practically on the same isotherm. You will notice that the season was quite abnormal at both places, and especially is this true of part of the season during which time the beets ought to ripen; and the number of cloudy days is unusually high. While the rainfall during September and October in the northern part of the State is somewhat below normal, the excessively high temperature in October, together with the fact that nearly all of the rainfall occurred on October 6 and 7, which furnished plenty of water to keep the beets growing, made the ripening period even less favorable than the record would seem to indicate.

It will be observed that the beets grown at North Judson, although somewhat small, were of fair sugar content and of high purity. The beets grown at the experiment station farm were phenomenally small and contained a low percentage of sugar, but a purity slightly above the minimum standard desirable for manufacturing purposes. It is remarkable to see so great a difference in the composition of beets grown in the same State and in localities less than 100 miles apart. North Judson is almost exactly north of Lafayette, and its proximity to Lake Michigan doubtless accounts for the differences in the meteorological environment of the two places. The experience of former

years in the same localities shows that Starke County, in which North Judson is situated, is favorably located for the production of beets of high grade.

EXPERIMENTS CONDUCTED BY THE IOWA STATION.

The sample of Austrian Special Kleinwanzlebener was planted on May 29 in rows 16 inches apart, and thinned on June 20. The plat received the usual careful cultivation. The assistant in agriculture at the Iowa station at Ames, Mr. Atkinson, gives the following description of the soil on which the experiments were made:

The soil upon which the Austrian Special Kleinwanzlebener were grown was an upland prairie. It was a clover sod in 1898; in 1899 it grew a crop of spring wheat, while the beets were grown on it in 1900. It has been several years since it received an application of manure.

The samples were harvested on November 6, and eight beets were sent to the Department of Agriculture, and were analyzed on November 12 with the following results:

Average weight.....	ounces....	13
Sugar in the beet.....	per cent....	11.7
Purity.....		78.9

The season was not considered a favorable one for beet culture. The climatic conditions prevailing during the growing season are shown in the accompanying tables:

Meteorological data for Ames, Iowa,¹ from May to October, 1900.

Month.	Mean temperature.	Precipitation.	Clear days.	Cloudy days.
	Degrees.	Inches.		
May.....	64.4	4.86	14	5
June.....	69.4	6.48	19	1
July.....	73.0	9.14	12	0
Total.....	68.9	19.98	45	6
August.....	76.8	5.46	16	0
September.....	66.0	7.12	11	1
October.....	59.8	3.73	17	4
Total.....	67.5	16.31	44	5
Sum total.....	68.2	36.29	89	11

¹ For sunshine record see table for Des Moines, that being the nearest station at which a sunshine record was kept.

Meteorological data for Des Moines, Iowa,¹ from May to October, 1900.

Month.	Mean temperature.	Precipitation.	Sunshine.			Clear days.	Cloudy days.
			Actual.	Possible.	Per cent.		
	Degrees.	Inches.	Hours.	Hours.			
May.....	64.2	4.76	274.6	451.9	61.0	9	6
June.....	70.1	4.89	339.3	456.2	74.0	12	2
July.....	74.2	5.15	300.1	461.8	65.0	11	5
Total.....	69.5	14.80	.....	.....	66.7	32	13
August.....	77.7	3.02	278.8	429.4	65.0	11	4
September.....	65.4	3.66	203.1	374.5	54.0	10	12
October.....	60.4	3.08	196.7	342.5	57.0	10	9
Total.....	67.8	14.76	.....	.....	58.7	31	25
Sum total.....	68.65	29.56	.....	.....	62.7	63	38

¹ Thirty miles south of Ames.

EXPERIMENTS CONDUCTED BY THE KENTUCKY STATION.

The Austrian Special Kleinwanzlebener was planted April 25 in rows 18 inches apart, and was thinned May 22. The soil was a rich loam, and the estimated yield per acre was 10 tons. The season was reported as being favorable, the climatic conditions for the period of growth having been as follows:

Meteorological data for Lexington, Ky., from May to October, 1900.

Month.	Mean temperature.	Precipitation.	Sunshine.			Clear days.	Cloudy days.
			Actual.	Possible.	Per cent.		
	Degrees.	Inches.	Hours.	Hours.			
May	65.6	3.54	297.6	441.7	67.00	15	7
June	72.5	2.19	291.6	443.1	66.00	4	7
July	77.0	2.80	356.4	450.1	80.00	15	3
Total	71.7	8.53			71.00	34	17
August	79.8	5.75	361.8	422.1	87.00	8	2
September	73.2	1.85	292.1	373.0	78.00	11	4
October	64.9	.79	243.5	347.3	70.00	15	5
Total	72.5	8.39			78.30	34	11
Sum total	72.1	16.92			74.65	68	28

The analyses were commenced by the station on August 30, and continued at intervals until October 16. After that time the analyses were suspended until November 19, when an additional sample was examined, nine series of analyses having been made altogether.

The results of these analyses were as follows.

Station analyses of Austrian Special Kleinwanzlebener grown at Lexington, Ky.

Date of sampling.	Number of beets taken.	Weight topped.	Weight trimmed.	Brix.	Sugar by polarisation.	Sugar in beet.	Purity.
1900.		Ounces.	Ounces.	Degrees.	Per cent.	Per cent.	
August 30	2	11½	8	12.7	10.05	9.6	79.30
September 19	1	20½	15½	11.2	8.40	8.0	74.10
Do.	1	13½	10	10.0	7.00	6.6	70.00
September 26	2	8½	5½	10.2	6.85	6.6	67.73
October 6	1	14½	11	13.8	9.90	9.4	74.46
Do.	1	9½	6½	11.9	8.50	8.1	72.30
October 12	1	12½	7½	10.7	7.35	7.0	68.70
October 16	1	10½	8½	11.9	8.05	7.7	67.60
November 19		10½	8½	13.7	7.00	6.6	68.30
Average		12.47	9	11.78	8.12	7.7	71.01

A sample of these beets was sent to the Department of Agriculture for analysis on November 19. In forwarding this sample Dr. Peter, chemist of the station, calls attention to the fact that his analyses show that the beets deteriorated greatly after August. The data obtained by the analysis of the sample sent to the Department of Agriculture were as follows:

Average weight of the beets	ounces...	9
Percentage of sugar in the beets	per cent...	7.9
Purity		68.0

The data show that in the analysis of these samples at the Department of Agriculture a somewhat higher percentage of sugar, of a slightly increased purity, was obtained than that given for the samples taken on the same date, November 19, and analyzed at the Kentucky station. A part of the increase in sugar may be ascribed to the drying out of the samples in transit.

EXPERIMENTS CONDUCTED BY THE MICHIGAN STATION.

A field of sandy loam, selected for this experiment, was subsoiled about ten days before sowing the beet seed, and the surface of the field reduced to a proper degree of tilth. The seeding was done on April 28, 1900, and the beets received the usual cultivation to keep the surface of the soil loose and free from weeds.

The agriculturist of the station, Mr. B. D. Towar, reports:

We are very well pleased with the results, as the ground was by no means the most desirable for growing beets. A good season has been favorable to Michigan beets and satisfactory reports are coming from all directions.

The meteorological conditions are shown by the following data:

Meteorological data for Agricultural College, Mich.,¹ from May to October, 1900.

Month.	Mean temperature.	Precipitation.	Clear days.	Cloudy days.
	Degrees.	Inches.		
May.....	58.8	4.17	10	9
June.....	65.2	2.57	16	6
July.....	69.6	4.15	18	6
Total.....	64.5	10.89	39	21
August.....	73.3	2.98	12	8
September.....	68.2	.89	16	8
October.....	56.6	2.77	14	8
Total.....	64.4	6.64	42	19
Sum total.....	64.45	17.53	81	40

¹ For sunshine record see table for Detroit, the nearest station at which this record is kept.

Meteorological data for Detroit, Mich.,¹ from May to October, 1900.

Month.	Mean temperature.	Precipitation.	Sunshine.			Clear days.	Cloudy days.
			Actual.	Possible.	Percent.		
	Degrees.	Inches.	Hours.	Hours.			
May.....	60.0	3.08	246.5	451.9	55	6	23
June.....	66.6	3.99	310.6	456.2	68	12	6
July.....	72.0	3.71	267.6	461.8	58	9	7
Total.....	66.2	10.78			60.3	27	26
August.....	75.5	2.08	263.3	429.4	61	12	7
September.....	68.8	1.88	215.2	374.5	57	10	6
October.....	60.0	2.85	191.0	342.5	56	12	6
Total.....	67.4	6.81			58	34	13
Sum total.....	66.8	17.69			59.15	61	44

¹ Seventy-six miles southeast of Agricultural College.

Analytical data obtained with the Austrian Special Kleinwanzlebener at the Michigan station.

Number of sample.	Seed test from 100 seed bulbs.			Average distance apart in row.	Yield per acre.	Average weight samples analysed.	Per cent of sugar in juice.	Per cent of sugar in beet.	Purity.
	Number of sprouts at the end of one week.	Number of sprouts at the end of two weeks.	Seed balls that did not grow.						
1.....	122	150	30	Inches. 6+	Tons. 15.21	Pounds. 12	12.61	12.9	79.27
2.....	156	176	26	6-	15.29	12	14.08	12.8	80.77
Total.....					31.50	24	27.64	25.2	159.04
Average.....					15.75	12	13.82	12.1	80.02

EXPERIMENTS CONDUCTED BY THE NEW YORK STATION AT GENEVA.

The report of the collaborative work done at the Geneva station was made by the agriculturist, Mr. G. W. Churchill, under date of December 7, 1900. Twelve different plots of beets were grown, of which numbers 8, 6, 9, 12, and 13 were of the Austrian Special Kleinwanzlebener. Plot No. 13 was composed of check rows planted between plots which were fertilized with different materials in order that there should be no extension of the effect of the fertilizers from one plot to another. Under date of December 19 Director Jordan, of the station, made the following report:

For three years we have been making an effort to compare the effect of commercial fertilizers with that of farm manures upon the composition of sugar beets. In all of these years the percentage of sugar and the coefficient of purity with the beets raised on the farm manure have been of a high standard, the percentage of sugar in two years being higher than where the beets received commercial fertilizers. The other year the percentage of sugar was higher in the beets fertilized with farm manure than where no farm manure at all was used. The amount of manure per acre was 40,000 pounds, or about 10 cords. It was manure from the cow stable which had been somewhat fermented but not very fully. In other years we have used fresh manure. I am now working up the results for the three years to publish in a bulletin. I am inclined to think that we have all the time been placing altogether too much confidence in German results as applied to American conditions.

The following table gives the mean temperatures and precipitations for Lyons, 13 miles north of Geneva, during the growing season, the sunshine data not being obtainable for this or any other station nearer than Ithaca, for which place a full set of data may be found further on.

Meteorological data for Lyons, N. Y., from May to October, 1900.

Month.	Mean temperature.	Precipitation.
	Degrees.	Inches.
May	68.4	1.85
June	67.9	2.74
July	72.4	3.46
Total	66.2	8.05
August	73.8	2.49
September	67.1	2.01
October	58.6	3.71
Total	66.5	8.21
Sum total	66.4	16.26

The samples sent to us by the Geneva station were analyzed in the Division of Chemistry, and the results obtained with the Austrian Special Kleinwanzlebener were as follows:

Department analysis of Austrian Special Kleinwanzlebener beets grown at Geneva, N. Y.

Number.	Weight.	Sugar in juice.	Sugar in beet.	Purity.
	Pounds.	Per cent.	Per cent.	
1	17	15.3	14.4	82.2
2	17	16.0	15.2	83.8
3	17	16.4	15.6	82.8
4	16	16.1	15.3	84.3
5	17	15.2	14.4	82.2
Average	16.8	15.78	14.98	83.06

In the above data the samples represented by Nos. 1 and 2 were grown under a heavy fertilization of superphosphate. Nos. 3 and 4, corresponding to Nos. 9 and 12 referred to above, were grown under fertilization with farmyard manure, and No. 5, corresponding to No. 13, represents the check rows planted between the fertilized plots.

A complete study of the sugar content of the beets grown at the Geneva station was made at that place between the dates of November 23 and December 6. The results of these determinations are given in the following table:

Austrian Special Kleinwanzlebener beets.

[Grown and analyzed at the New York Experiment Station, Geneva, N. Y.]

Date of analysis.	Number of plat.	Number of beets used for analysis.	Degree Brix.	Average weight of beets (without tops).	Sugar in juice.	Sugar in beet.	Coefficient of purity.
				Pounds.	Per cent.	Per cent.	
1900.							
November 23	8	20	19.8	0.97	16.8	16.0	84.8
November 24	8	20	20.7	.965	17.6	16.7	85.2
November 23	9	20	18.8	.96	15.7	14.9	83.7
November 24	9	20	18.6	1.00	15.7	14.9	84.3
November 23	10	20	19.4	.82	16.6	15.8	85.4
December 1	10	20	19.7	.89	17.1	16.3	87.0
November 23 ¹	11	20	22.1	.79	18.5	17.6	84.0
December 4	11	20	20.9	.91	17.5	16.6	83.9
November 23	12	20	19.0	1.68	16.1	15.8	84.7
December 1 ¹	12	20	18.9	.89	16.1	15.3	85.3
December 4	Check.	20	20.9	.76	17.5	16.6	83.6
December 6	Check.	13	19.0	.68	16.2	15.4	85.1
Average			19.8	1.96	16.8	16.0	84.8

¹ Beets somewhat wilted.

² Equivalent to 15.3 ounces.

EXPERIMENTS CONDUCTED BY THE NEW YORK STATION AT ITHACA.

Director I. P. Roberts, of the Ithaca station, reported under date of March 11, 1901, that the Austrian Special Kleinwanzlebener beet seed for the collaborative experiments had been planted on May 17, 1900, in rows 20 inches apart, and harvested on October 26. The soil was a sandy loam in a good state of fertility. The record of the climatic conditions during the growing season is as follows:

Meteorological data for Ithaca, N. Y., for May to October, 1900.

Month.	Mean temperature.	Precipitation.	Sunshine.			Clear days.	Cloudy days.
			Actual.	Possible.	Per cent.		
	<i>Degrees.</i>	<i>Inches.</i>	<i>Hours.</i>	<i>Hours.</i>			
May	57.1	1.51	281.9	451.9	62	11	15
June	57.0	1.96	242.1	456.2	75	7	13
July	72.0	2.41	332.1	461.8	72	8	11
Total	65.4	5.90	314.8	429.4	69.7	21	28
August	72.3	2.93	290.4	374.5	73	9	8
September	64.9	.94	216.0	342.5	70	11	9
October	57.2	4.06			63	9	13
Total	64.8	7.93			63.7	29	30
Sum total	65.1	13.83			69.2	50	68

The analytical data obtained at the station on the beets raised were as follows:

Average weight of beets analyzed	ounces..	13
Yield per acre	tons..	15
Sugar in the juice	per cent..	14.8
Sugar in the beet	do..	14.0
Coefficient of purity		81.9

EXPERIMENTS CONDUCTED BY THE NORTH CAROLINA STATION.

The seed of the Austrian Special Kleinwanzlebener were planted on May 22, the date of thinning was June 15, and the date of harvesting November 1. The soil was a sandy loam, and the width between the rows 36 inches. The season was rather dry and to that extent unfavorable. The estimated yield per acre was 1½ tons.

Samples of the beets were forwarded to this Department from Raleigh on November 21. They were, however, in such a poor condition when received that they were deemed worthless for analytical purposes and the analytical data are confined therefore to the analyses made at the station at Raleigh. The figures obtained are as follows:

Average weight of beets	ounces..	12.4
Average sugar in the beets	per cent..	5.2

The above data show that the beets were remarkably poor even for the locality. While it was not expected that they would show a

high quantity of sucrose, it is evident that under other conditions or in other seasons a much better result could be obtained. The following table shows the meteorological conditions under which these beets were grown:

Meteorological data for Raleigh, N. C., from May to October, 1900.

Month.	Mean temperature.	Precipitation.	Sunshine.			Clear days.	Cloudy days.
			Actual.	Possible.	Per cent.		
	<i>Degrees.</i>	<i>Inches.</i>	<i>Hours.</i>	<i>Hours.</i>			
May	69	3.12	385.1	436.1	77	16	3
June	76	8.47	284.9	437.2	65	9	7
July	80.9	5.58	313.5	444.3	71	16	4
Total	75.3	17.12			71	41	14
August	82.2	4.51	357.4	418.7	85	25	1
September	75.8	2.13	316.5	372.2	85	20	1
October	65.6	1.04	208	343.9	60	14	8
Total	74.5	7.68			76.7	59	10
Sum total	74.9	24.80			73.9	100	24

EXPERIMENTS CONDUCTED BY THE UTAH STATION.

The data from the Utah Agricultural Experiment Station are included in this report not so much for the purpose of direct comparison as to show the influence of irrigation upon the yield and character of the beets. It is evident that the artificial conditions which obtain in irrigated regions are so different from those that naturally exist as to render of doubtful value a comparison between the two sets of data, and hence the results in Utah have not been included in the graphic charts. It is proposed at some future time to make an additional study in irrigated regions of the influences of sunshine and the differences of latitude on the character of the beets grown under irrigation. Nevertheless there will be some interest attached to the utilization of the data from Utah in the present comparison.

The beets were planted on May 8, the date of thinning was June 7, the dates of irrigation, June 22, July 14 and 28, August 11, and September 1; the dates of cultivation were June 20 and 25, July 16, August 2 and 14; the dates of harvesting were October 24, 25, and 27.

The yield per acre and the analytical results as determined at the Logan station are as follows:

Estimated yield per acre	tons..	18.9
Percentage of sugar in the beet	per cent..	12.1
Purity coefficient		84.2

have one strong plant every 8 or 9 inches in the row. At this date the Austrian Special Kleinwanzlebener was rather behind the other varieties in development.

June 19.—The remaining 50 pounds of nitrate, mixed with twice the amount or more of dirt from the field, was sown on the fertilized part.

June 24.—No difference was noticeable between different varieties or between the fertilized or unfertilized parts.

August 4.—Fertilized half of field seemed to be in better condition than the unfertilized.

August 18.—No apparent difference was noticeable between varieties.

October 13.—The beets were harvested; they were rather smaller than average beets and all of the varieties were of comparatively uniform size.

The section of the field devoted exclusively to the Austrian Special Kleinwanzlebener was 192 feet long by 8.75 feet wide, containing 1,680 square feet.

In harvesting beets 50-pound samples from each of the three sections of each variety were taken. In these samples the percentage of shrinkage was determined, and a subsample selected for the sugar determination.

Austrian Special Kleinwanzlebener beets grown and analyzed at the Wisconsin Experiment Station, Madison, Wis.

	Fertilized.	Unfertilized.
Average weight.....pounds..	0.81	0.73
Shrinkage ¹.....per cent..	18.96	19.07
Specific gravity.....	1.0779	1.0753
Sugar in the juice.....per cent..	16.66	15.28
Purity.....	88.58	83.98
Sugar in the beet.....per cent..	15.81	14.52
Total yield:		
Total weight.....pounds..	841.6	642.9
Weight less shrinkage.....	681.9	439.4
Sugar.....do.....	107.6	68.81

¹The shrinkage refers to that part of the beet lost in washing and crowning.

Results calculated to the acre are as follows:

	Fertilized.	Unfertilized.
Total weight.....	Tons. 10.91	Tons. 7.04
Weight less shrinkage.....	8.84	5.7
Sugar.....	1.336	0.8

It is interesting to note the influence of the fertilizer employed. The fertilized sections of the plat yielded almost 4 tons more per acre than the unfertilized, while the percentage of sugar in the fertilized portion was considerably higher than in the unfertilized. Since it would not be quite fair to select either the fertilized or the unfertilized data for purposes of comparison, it has been determined to take the mean of the two as representing the proper data for the comparative work.

APPENDIX.

The meteorological conditions under which these beets were grown are shown by the following table:

Meteorological data for Madison, Wis., from May to October, 1900.

Month.	Mean temperature.	Precipitation.	Clear days.	Cloudy days.
	<i>Degrees.</i>	<i>Inches.</i>		
May.....	60.6	1.86	6	14
June.....	67.7	3.20	9	7
July.....	70.2	6.91	8	14
Total.....	66.2	11.97	23	35
August.....	75.2	2.72	9	10
September.....	63.6	2.89	6	12
October.....	58.0	4.43	10	14
Total.....	65.6	10.04	25	36
Sum total.....	65.9	22.01	48	71

SUMMARY.

Summary of averages of analytical data, 1900.

	Weight.	Yield per acre.	Sugar in the beet.	Coefficient of purity.
	<i>Ounces.</i>	<i>Tons.</i>	<i>Per cent.</i>	
Raleigh, N. C.....	12.4	1.3	5.2	.....
Lexington, Ky. ¹	9.0	10.0	7.8	69.5
Washington, D. C.....	18.5	15.0	8.3	69.1
Lafayette, Ind.....	4.9	.....	9.9	83.0
Ames, Iowa.....	13.0	.....	11.7	76.9
Logan, Utah.....	.....	18.9	12.1	84.2
Agricultural College, Mich.....	12.0	15.8	13.1	80.0
North Judson, Ind.....	15.2	.....	13.7	89.6
Ithaca, N. Y.....	18.0	15.0	14.0	81.9
Madison, Wis. ²	12.8	9.0	15.2	86.2
Geneva, N. Y. ³	16.1	.....	15.5	83.9

¹ Average of data obtained at Washington and at Lexington.

² Average of data for fertilized and unfertilized plots.

³ Average of data obtained at Washington and at Geneva.

Summary of meteorological data, May to October, 1900.

	Temperature.	Precipitation.	Clear days.	Cloudy days.	Sunshine.
	<i>Degrees.</i>	<i>Inches.</i>			<i>Per cent.</i>
Raleigh, N. C.....	74.9	24.8	100	24	73.9
Lexington, Ky.....	72.1	16.9	68	28	74.7
Washington, D. C.....	71.7	24.5	96	48	64.5
Lafayette, Ind. ¹	69.8	30.5	64	58	64.7
Ames, Iowa ²	68.2	36.8	89	11	62.7
Logan, Utah ³	63.0	6.2	133	28	81.2
Agricultural College, Mich. ⁴	64.5	17.5	81	40	59.2
North Judson, Ind.....	68.3	20.2	(⁵)	(⁵)	(⁵)
Ithaca, N. Y.....	65.1	13.8	50	68	69.2
Madison, Wis.....	65.9	22.0	48	71	.....
Geneva, N. Y. ⁶	66.4	16.3	(⁷)	(⁷)	(⁷)
	66.0	15.0	.....	.....	.....

¹ Approximate data observed at Indianapolis.

² Approximate data observed at Des Moines.

³ Approximate data observed at Salt Lake City.

⁴ See Ithaca.

⁵ Approximate data observed at Detroit, Mich.

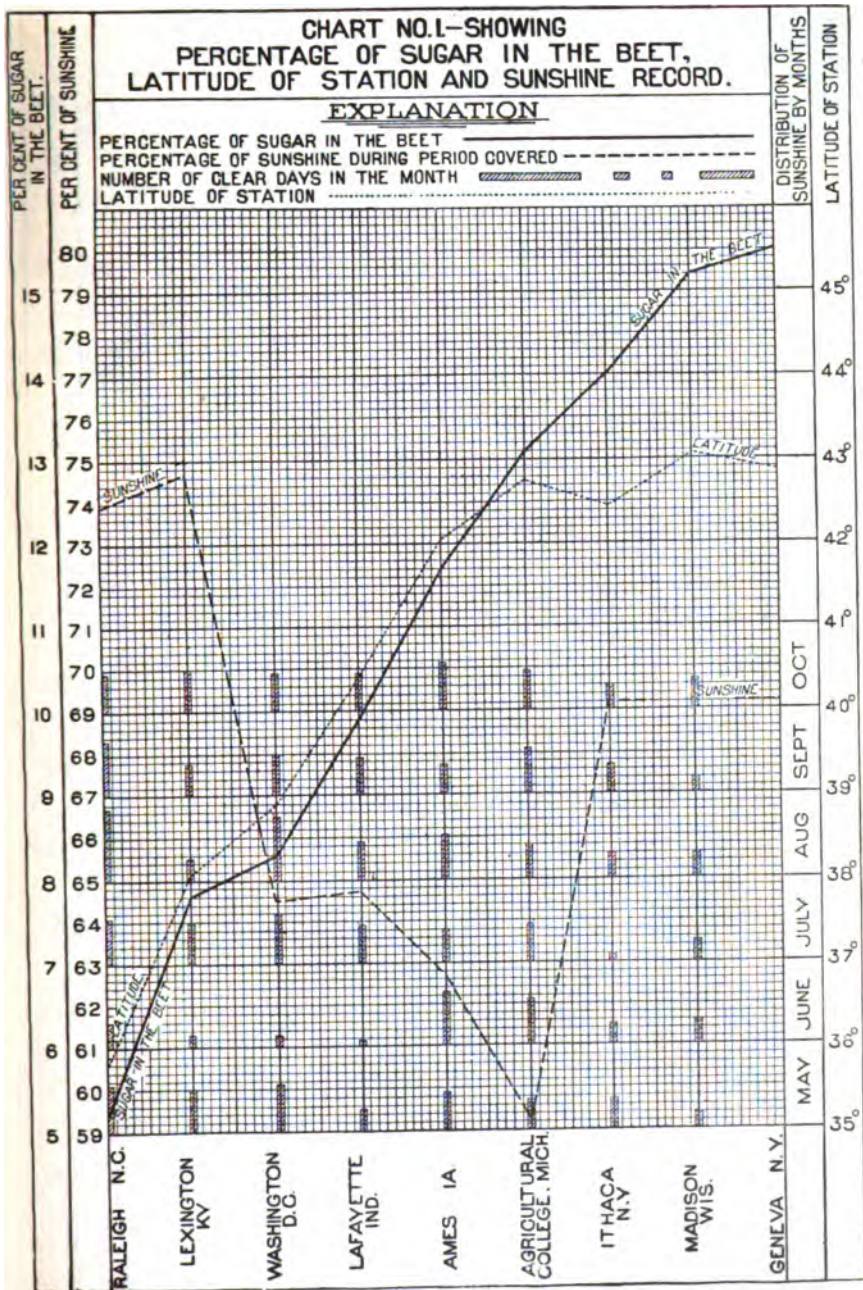
⁶ See Lafayette.

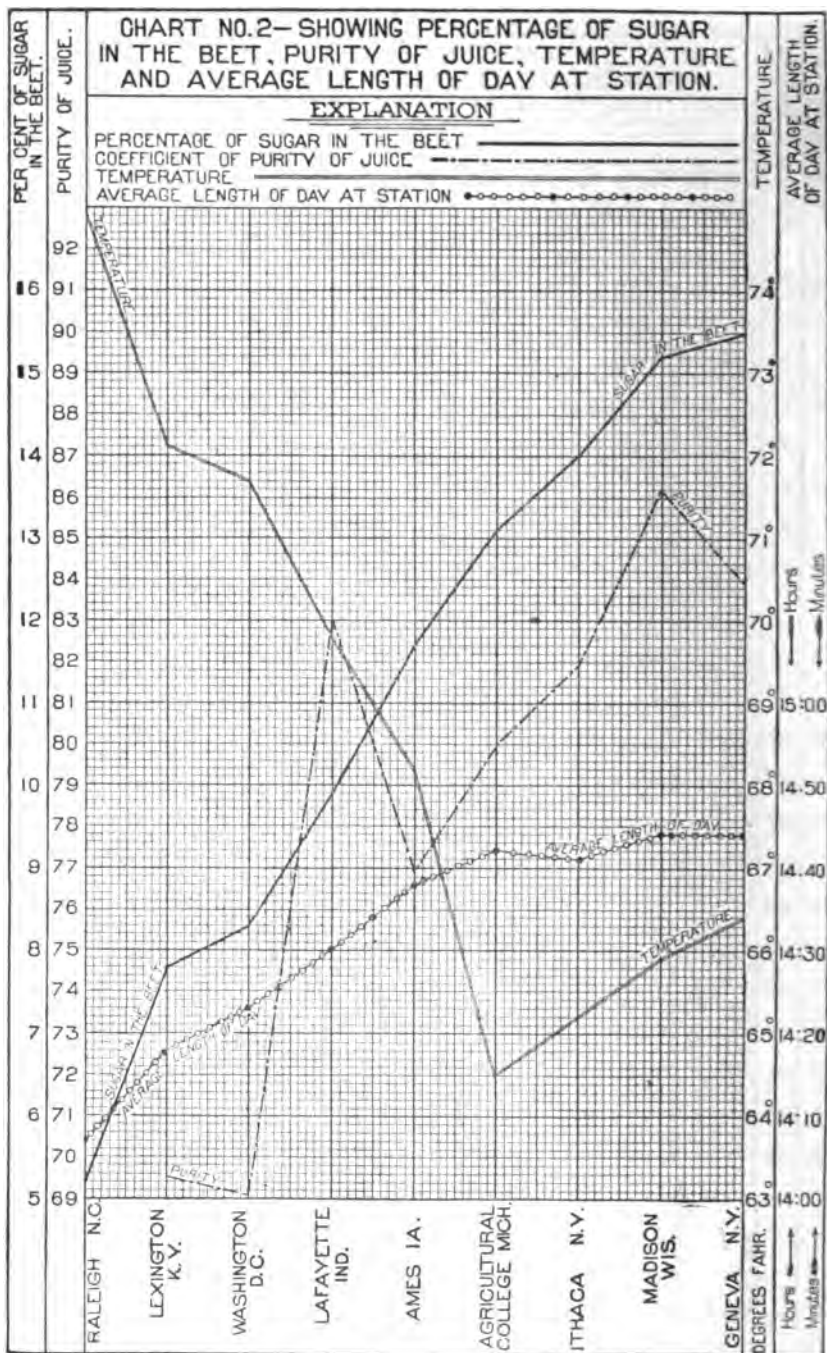
⁷ Data for Lyons, N. Y., used.

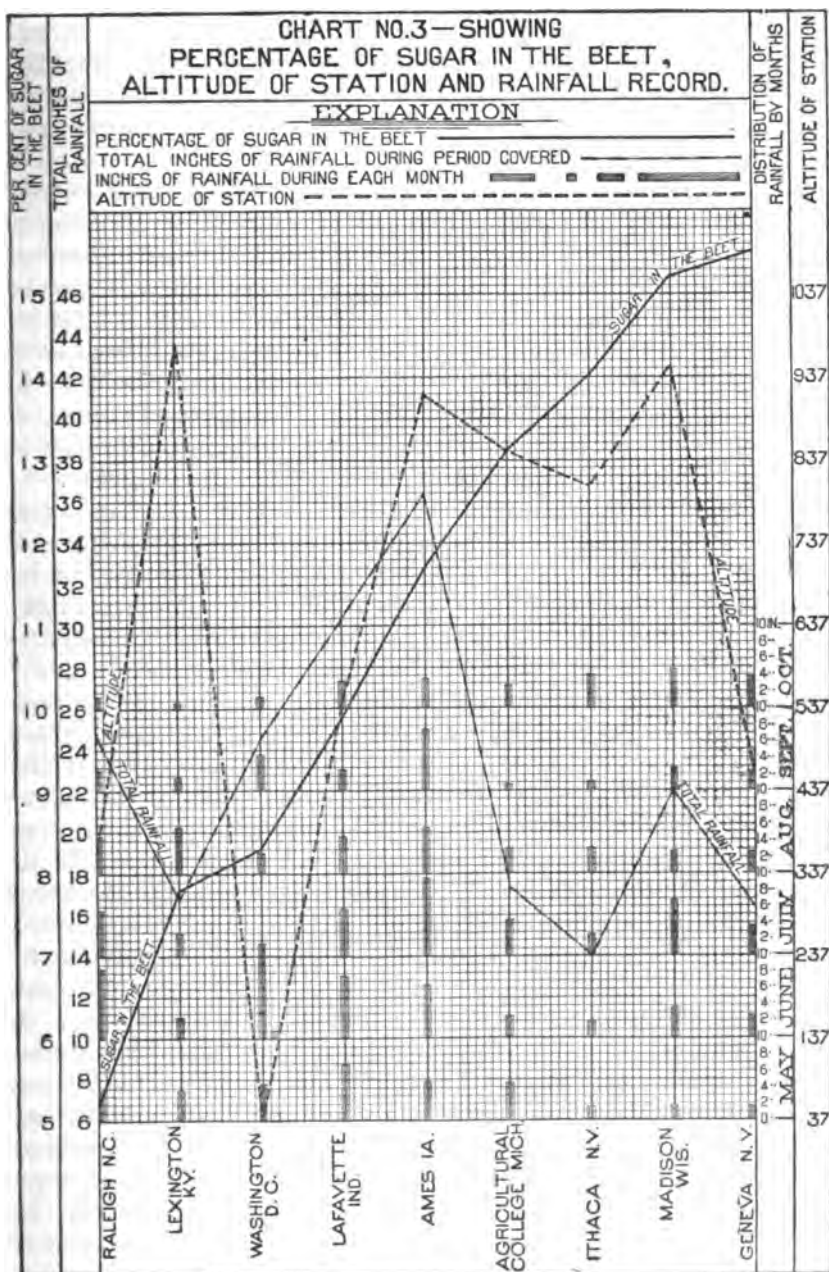
Summary of geodetic data for experiment stations.

	Average length of day.		Latitude.		Altitude.
	H.	M.	°	' "	
Raleigh, N. C	14	7	35	48 00	363
Lexington, Ky.....	14	18	38	02 25	979
Washington, D. C.....	14	23	38	53 23	37.5
Lafayette, Ind.....	14	30	40	23 00	542
Ames, Iowa.....	14	38	42	02 00	917
Logan, Utah.....	14	37	41	44 00	4,506
Agricultural College, Mich ¹	14	42	42	45 00	847
North Judson, Ind.....	14	34	41	11 00	696
Ithaca, N. Y.....	14	41	42	27 00	810
Madison, Wis.....	14	44	43	04 36	966
Geneva, N. Y.....	14	44	42	53 00	458

¹ Determinations for Lansing, Mich.







CONCLUSIONS.

The conclusions which are deduced from a study of the preceding data and the graphic charts, based as they are upon the observations of a single year, will be subject to such correction as may be indicated by the results of subsequent studies.

On Chart No. 1 are platted the percentage of sugar in the beet, the latitude of the station, and the hours of sunshine. The curve representing the latitude and the curve representing the sugar in the beet are evidently more nearly related to each other than the curves representing any other figures in any other one of the three charts. It will be seen that there is a very close agreement between the latitude curve and the percentage of sugar curve. High sugar and high latitude run very evenly together. The actual hours of sunshine do not appear to have much influence upon the sugar content, or perhaps it would be better to say that the curves do not coincide even approximately.

It is evident that the elements of sunlight, which are active in promoting the action of the chlorophyll cells in the formation of sugar, do not depend upon the direct rays of the sun. The diffused light coming through the clouds is apparently quite as effective as the direct light. The highest percentage of sunshine found in any of the stations plotted was at Lexington, Ky., reaching nearly 75 per cent of the possible hours of sunlight. The lowest percentage of direct sunshine was found at Agricultural College, Mich., being 59.2 per cent. Interesting data are also given in connection with the total sunshine by the boxed lines showing approximately the distribution of the sunshine in the various months, i. e., the number of clear days.¹ In order to show the complete relation, however, this line must be taken in connection with the number of cloudy and partly cloudy days. A striking illustration of this is shown by the data at Lexington, Ky., for June. During this month there were four clear days, and therefore the boxed line for June in the Lexington column is very short. The number of cloudy days was only seven, and there were nineteen days partly cloudy. In the study of the chart, therefore, it must be remembered in all cases that the boxed lines represent only the number of perfectly clear days. In Chart No. 1, therefore, it is seen that Raleigh, N. C., and Washington, D. C., have the largest number of clear days, while Madison, Wis., Ithaca, N. Y., Lafayette, Ind., and Lexington, Ky., are types of stations where the number of clear days was relatively small. No record was made for the station of Geneva, but the data may be assumed to be practically the same as for Ithaca. The value of the lines showing

¹A clear day is one having on the average not more than three-tenths of the sky covered by clouds; a partly cloudy day is one having on the average from four to seven-tenths (inclusive) of the sky covered by clouds; and a cloudy day is one on which the sky is overcast or at least eight-tenths covered by clouds.—U. S. Weather Bureau.

the distribution of sunshine is therefore less than if all the elements entering into the sunshine could be combined into a single curve.

Chart No. 2 shows the curve for the sugar in the beet, the purity of the juice, the temperature, and the average length of the day. In this chart we have a remarkable illustration of the influence of high temperature upon sugar content. The two curves make almost an X-shaped figure. Low sugar and high temperature evidently go together. The highest temperature record for the summer was at Raleigh, N. C., and the lowest at Agricultural College, Mich. The temperature curve could also be very profitably compared with the latitude curve on Chart No. 1. It would form, also, an X-like figure with that curve. The purity of the juice shows a general tendency to follow the percentage of sugar, though there are many variations from this rule. In general, however, it is shown that the higher the percentage of sugar the higher the purity.

The curve showing the average length of day from sunrise to sunset has a direct relation also to the content of sugar in the beet. The shorter the day the lower the content of sugar and the longer the day the higher the content of sugar. This variation is doubtless partly due to the longer action of the sun's rays either directly or diffused through the clouds upon the sugar producing cells of the beet.

In Chart No. 3 are plotted the curves showing the percentage of sugar in the beet, the total rainfall, the distribution of rainfall by months, and the altitude of the station above the sea level. The general influence of altitude, as is well known, is to lower the temperature for a given latitude. In other words, the altitude to a certain extent becomes a function of the latitude curve, and it would probably be advisable in some way to combine the two into a single curve. The highest altitude of the experimental stations collaborating (exclusive of Logan, Utah, which is not included in the charts) is at Lexington, Ky., namely, 979 feet; the lowest (sea level) at Washington. Other notably high stations are at Ames, Iowa, and Madison, Wis., and other notably low stations are at Raleigh, N. C., and Geneva, N. Y.

A more important relation to sugar content is shown by the rainfall, especially in its distribution. The total amount of rainfall, it is evident, has less influence on the sugar content than its even distribution during the growing months, providing the rain is sufficient for the growing crop. The greatest rainfall shown by any of the stations was at Ames, Iowa, and the lowest at Ithaca, N. Y. The rain at Ames was evidently far in excess of the requirements of the growing crop. The Washington rainfall was quite sufficient in quantity, but it was extremely uneven in distribution. For instance, during the month of June about 11 inches of water fell in Washington, while in July and August, when water was most needed, the amount was only about 1 and 2 inches, respectively. A very even distribution of rainfall is shown in the station at Geneva,

N. Y., while the quantity was relatively small. The distribution of the rainfall, also, at Ithaca was somewhat even, but there was a slight excess in October at a time when it would be injurious to the beet in the way of inducing a second growth. On the other hand, the September rainfall at Ithaca was small, thus favoring the ripening of the beet. The ideal conditions for the growth of the beet are an even distribution of the rainfall of from 3 to 4 inches during the months of May, June, July, and August, and a reduction of the rainfall for September and October.

The above conclusions, derived from these studies of a year, are quite in harmony with the theories which already prevail in regard to the effect of seasonal influences upon the sugar content of the beet. There are many problems, however, presented by the data which offer an inviting field of study. Chief among these is the suggestion, which has already been made in a previous part of this bulletin, that the high temperature line which seems to be so disastrous in its effects upon the sugar content of the beet may not produce all these ill effects directly as the result of the high temperature, but indirectly in the effect produced upon the moisture in the soil, the arrest of growth by dry weather, the inducement of a second growth on the accession of rains following a drought, and in other indirect ways. The study of this problem would best be carried on in an irrigated arid region where the temperature is high during the growing months and where the distribution of water on an experimental plat could be absolutely controlled. Other new problems of interest are also presented in studying the effects of direct and indirect sunshine and the distribution of the hours of direct sunshine compared with indirect and with partly cloudy weather.

In the study of these problems so far we are indebted to the cordial cooperation of the Weather Bureau and experiment stations, and in the further elaboration of them we rely on the promise of the continuance of this aid. It is certain that environment, of which meteorological conditions form the chief component, have a most marked influence on the chemical composition of crops, and without the assistance of the Weather Bureau it would be difficult to properly study the extent of the changes produced.

The analytical work in connection with these investigations was conducted by Dr. G. L. Spencer, in charge of the sugar laboratory of this Bureau, to whom I am indebted for many suggestions in the preparation of this bulletin.

EXHIBIT L.

(See p. 479.)

U. S. DEPARTMENT OF AGRICULTURE.

FARMERS' BULLETIN No. 52.

THE SUGAR BEET:

**CULTURE, SEED DEVELOPMENT, MANUFACTURE,
AND STATISTICS.**

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THE SUGAR BEET.

INTRODUCTION.

Among the farmers of the country there is in general an erroneous opinion respecting the manufacture of beet sugar, especially concerning the cost of a factory. It is well that our farmers should cherish no illusions in regard to this matter. The manufacture of beet sugar is an industry entirely distinct from agriculture, and can only be successfully accomplished by the investment of large capital under the direction of skilled artisans. From the nature of the process it is quite improbable that any simple method of home manufacture of beet sugar will ever prove commercially successful. The juices of the beet are extracted with difficulty. They contain large quantities of mineral salts, which render the crude sugar and molasses made therefrom bitter and unpalatable. Simple processes for the extraction of the juice can at best remove only from 60 to 70 per cent of the sugar which the beet contains, and thus a percentage of loss is incurred which at the very outset renders it impossible for a home apparatus to compete with a large factory. Beet sugar, for the reasons given above, can not be used in the raw state, as is the case with the products derived from the sugar cane, sorghum, and the maple tree. The refining of the sugar is a process which requires an expensive outlay for machinery and a high degree of supervisory skill. It can not therefore be accomplished upon the farm. The various schemes which have been proposed whereby the farmer is assured of the possibility of preparing a crude product to be subsequently shipped to a central refinery are not practicable on account of the radical difficulties above outlined. The low prices at which sugar is sold render imperative in the process of manufacture the most economical methods, which are only made possible by the use of improved machinery operated under the direction of technical experts. The farmers of this country, as is the case with those of Europe, in respect of the beet-sugar industry, must be satisfied with acquiring the requisite degree of agricultural skill to produce a crop of beets with a paying tonnage and a high content of sugar.

One of the remarkable facts shown by the statistical tables in this bulletin is found in the information they contain showing that the sugar beet has been able on demand to supply the remarkable deficiency in the world's sugar crop produced by the Cuban war. In three years the

supply of sugar furnished by that island fell from 1,000,000 to about 100,000 tons, and yet there was no appreciable deficit noticed in the total sugar production of the world.

The remarkable opportunities for the extension of profitable agricultural industries in this country, through the medium of the sugar beet, should not be suffered to pass unimproved, and the farmers of our country should not rest satisfied until they see our own fields produce the sugar which we consume.

CLIMATIC CONDITIONS.

Experience has shown that the sugar beet reaches its highest development in north temperate latitudes. So far as the production of beets with high tonnage is concerned, it is found that this can be accomplished far to the south, but beets grown in such localities are, upon the whole, less rich in sugar and less suitable for the manufacture of sugar than those grown farther north. It must be remembered, however, that the expressions north and south do not refer to any absolute parallels of latitude, but rather to isothermal lines, which in many cases run obliquely to the parallels of latitude and in some cases cross them almost at right angles. As a result of many years of careful experimentation, it may be said that as far as temperature alone is concerned the sugar beet attains its greatest perfection in a zone of varying width through the center of which passes the isothermal line of 70° F. for the months of June, July, and August. This zone for this country is shown in the accompanying map (fig. 1).

THE THEORETICAL BEET-SUGAR BELT OF THE UNITED STATES.

This isothermal line, for the United States, begins near the city of New York and passes up the Hudson River to Albany; thence turning westward, it runs near Syracuse and passes in a southwesterly direction, touching the shore of Lake Erie near Sandusky, Ohio; turning thence in a northwesterly direction, it enters Michigan and reaches its highest point in that State near Lansing; then going in a southwesterly direction, it enters the State of Indiana near South Bend, passes through Michigan City, then in a northwesterly course continues through the cities of Chicago and Madison, reaching its highest point near St. Paul, Minn.; thence it extends in a southwesterly direction until it enters the State of South Dakota, where it turns again northwest and reaches its highest point in Dakota just above the forty-fifth parallel of latitude, where it crosses the Missouri River. The isothermal line then turns almost due south, following very closely the one hundred and first degree of longitude until it leaves the State of Nebraska near the northeast corner of Colorado; passing in a southwesterly direction through Colorado, it reaches, at Pueblo, almost to the one hundred and fifth degree of west longitude, whence it passes in a slightly southeasterly direction into New Mexico, turns to the

west, and crosses the one hundred and fifth degree of longitude at about the thirty-second degree of latitude. Then turning westward,

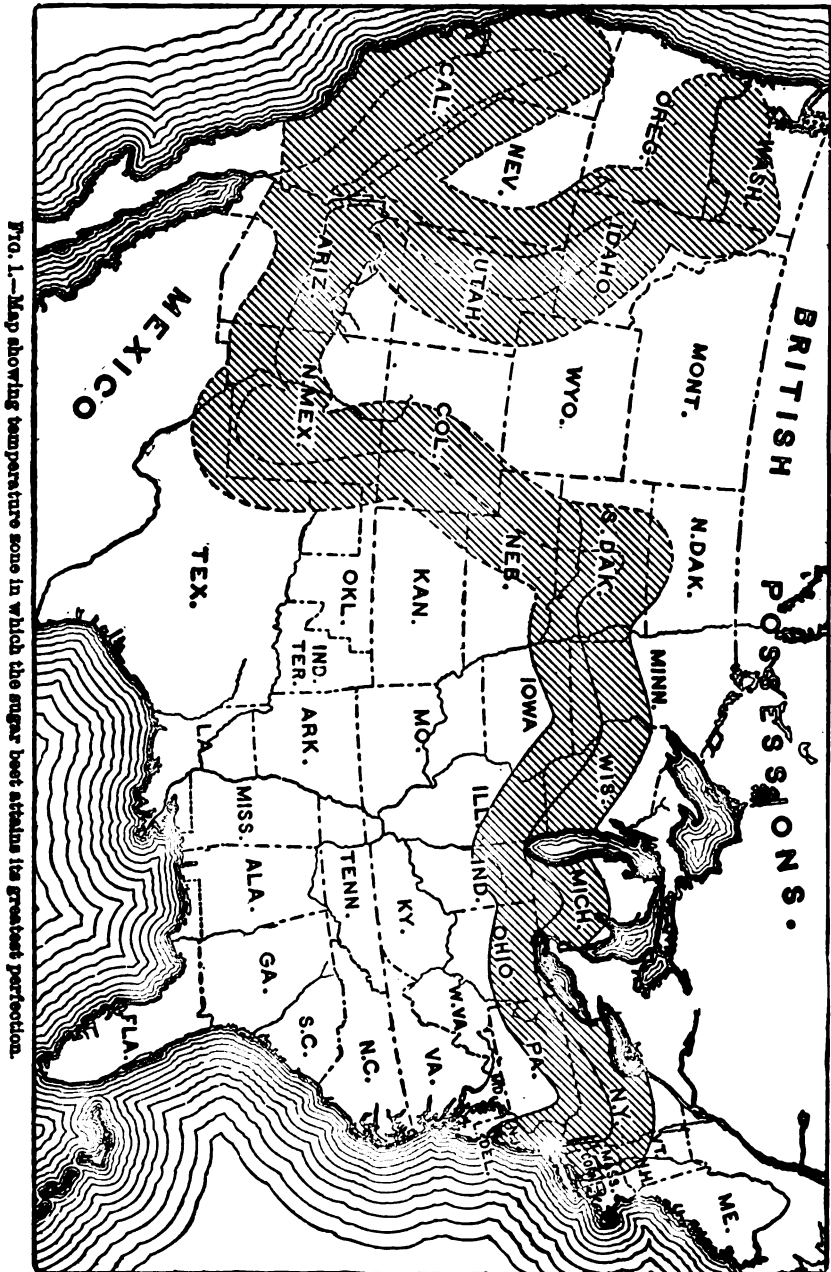


FIG. 1.—Map showing temperature zone in which the sugar beet attains its greatest perfection.

it passes in a very irregular line through the States of California, Oregon, and Washington.

Extending a distance of 100 miles on each side of this isothermal line is a belt which, for the present, may be regarded as the theoretical beet-sugar area of the United States. There are doubtless many localities lying outside of this belt, both north and south, in which the sugar beet will be found to thrive; but this will be due to some exceptional qualities of the climate or soil and not to any favorable influence of a higher or lower temperature. A mean temperature of 70° F. in the summer, however, must not be regarded as the only element of temperature which is to be taken into consideration. In those localities where the winters come early and are of unusual severity will be found greater difficulties in the production of sugar from the sugar beet than in those localities where the winters are light and mild, although the mean summer temperature of both localities may be represented by 70° F. As an illustration of this difficulty may be cited northern Nebraska and South Dakota, where the winters are of great severity, and southern California, where there is scarcely any winter at all.

The mean summer temperature of these localities is about the same, but the continuation of a semisummer temperature through the winter in southern California greatly favors the growth of the beets and the manufacture of the sugar. In many of the northern States the beets, which are to be worked during the winter time, have to be protected by silos. A cold climate is favorable to the storage of beets during the manufacturing season. In southern California and other places similarly situated the beets can be protected without any covering, or at most with only a slight covering of leaves or straw. The season for planting in a mild climate is also longer. For instance, in southern California planting can commence as early as January and continue till June, thus giving a beet crop coming continuously into maturity from the 1st of August to the 1st of December. In other localities the planting must be accomplished in a short time, say from the 10th of May till the 1st of June. Before the first of these dates the ground will be too cold for planting, and after the second the season will be so late as to prevent the maturity of the beets before frost. When the field is properly plowed and subsoiled in the late autumn the farmer will be able to take advantage of the first favorable opportunity in the spring to prepare the surface of the soil and plant the seed.

CONDITIONS OF PRECIPITATION.

Although conditions of temperature must be taken into consideration in selecting sites for beet-sugar factories, those of rainfall must also be studied. The sugar beet requires a certain amount of moisture in order to produce its normal crop. This moisture must be derived either from precipitation in the usual way, by irrigation, or else the soil must be of that particular quality which will allow subterranean moisture to reach the rootlets of the plants. Soil of this latter kind appears to exist in many localities in California, where beets are grown almost without

rain. The porous and sandy soils adjacent to many of the Western rivers, such as the Platte River in Nebraska and the Arkansas River in Kansas, also appear to furnish a sufficient amount of subterranean moisture to produce a good crop in connection with the rainfall, of which, however, but little is expected in those localities during the summer months. Where there is little subterranean moisture, and where irrigation is not practicable, the endeavor should be made to secure localities for the growth of the sugar beet where an average summer precipitation of from 2 to 4 inches per month may be expected. There are many conditions of agriculture, however, under which the beet becomes quite independent of extremes of precipitation. The beet may thrive with very little rainfall or with a great deal, if properly cultivated in a suitable soil.

GROWTH OF BEETS ON IRRIGATED LANDS.

The experience of more than ten years in California has shown that the climatic data, regarded as of prime importance in beet culture in Europe, can not be regarded as rigidly applicable to this country. The successful growth of sugar beets in the arid regions of our country, with and without irrigation, has introduced a new factor into the science of beet meteorology. While the arid area on which beets can be grown without irrigation is probably confined almost exclusively to the coast valleys of California, the successful commercial production of sugar beets in Utah has opened up a new and extensive field for the extension of the sugar industry over large areas suited to irrigation in the Western and Southwestern regions of the United States. It is certain now that Colorado and Utah may become great sugar-producing States, and it is probable that other areas in the arid region may become equally productive. California has already set the pace of progress, and the other arid States will not be slow to follow. The high cost of good irrigation renders it imperative that the areas under culture be devoted to a crop which is capable of producing a more valuable yield than is afforded by cereal culture. Of all the home markets for our domestic agricultural products, there is none so insistent or so expansive as that for sugar. With an annual consumption of 2,220,000 tons, and with a certainty of rapid increase, the demand for sugar promises to be the salvation of American agriculture.

The northern parts of our Eastern and Middle States and the States of Oregon and Washington have at least an equal chance for the successful production of beet sugar with the fields of Germany and France. The irrigable parts of the great Southwest, it is believed, have advantages of soil and climate which will enable them to enter into competition in the production of beet sugar. To be able to control the moisture in the soil is a matter of prime importance to the beet grower. In the arid region the beet can be left to mature at the proper time by withholding the water. Subsequently there is no

danger of loss due to second growth, so easily induced by late warm autumnal rains.

In a dry soil the beet can endure without damage a low temperature, which would prove quite disastrous in a wet climate. More complete maturity may be thus obtained, and a more leisurely harvest. In fact, there is no staple crop which can compete with the sugar beet in demanding the favorable attention of those interested in irrigation. If a net profit of from \$10 to \$20 per acre can be secured, from \$100 to \$200 per acre can be paid for the land. It is estimated that nearly 100,000,000 acres of land in the arid regions of the United States may eventually be irrigated, being nearly

one-fifth of the total area. Of this area perhaps 10 per cent is capable of easy and speedy irrigation. One million acres planted to beets would yield, under intensive culture, a quantity of sugar sufficient, with the Louisiana product, for domestic consumption. There is nowhere in sight a more promising prospect for agricultural development than in the production of sugar beets on irrigated lands.



FIG. 2.—White Improved Vilmorin sugar beet.

VARIETIES OF BEETS.

All kinds of sugar beets are botanically identical with the common garden beet (*Beta vulgaris*). The differences in varieties have arisen by reason of special selection and culture, producing a pure strain of some valuable peculiarity in the beet. These accidental valuable qualities, by careful selection, have become fixed, and are associated with certain external properties which have thus come to be regarded as distinguishing characteristics.

The shape and size of the beet, its color, the character of the foliage, whether erect or spreading, etc., are the most frequent marks of distinction. The beets are also frequently designated by the names of those who have developed them, by the name of the town or locality in which they have been grown, or by their color.

Among the more frequently occurring varieties grown in Europe may be mentioned the Vilmorin Improved, Kleinwanzlebener, Improved Kleinwanzlebener, White Excelsior, White Imperial, Simon Le Grande, Florimond and Bulteau Desprez Richest, Imperial Demesmay, French Very Rich, La Plus Riche, etc.

The two varieties which have been most widely grown in this country are the Vilmorin Improved and the Kleinwanzlebener. Certain varieties, such as the Vilmorin and Kleinwanzlebener types, give a large yield of sugar from a comparatively small tonnage of beets, and others yield both a large tonnage and a large amount of sugar. Sugar manufacturers prefer those varieties which yield a high percentage of sugar, since the juices are purer and the expenses of manufacture and the cost of the raw material are less. Large beets yielding a large tonnage were usually grown in Europe prior to the adoption of legislation placing a tax on the beet itself instead of on the sugar, and were preferred on account of the value of the pulp for cattle feeding.

The certainty that the seed has been grown according to the most scientific

methods is of great importance to the beet grower and sugar manufacturer, since the one may depend upon producing rich beets and receive fair compensation for his labor and the other is enabled to operate his factory economically. The beet has reached such a high state of perfection as to make the least degree of laxity in its treatment exceedingly dangerous to its qualities.

The general type of the Vilmorin Improved is illustrated by fig. 2. This beet is the result of thirty-five years of methodic and persevering selection based upon the lines to be indicated hereafter. In regard to its preservation, it is recognized that it holds its sugar content better than any other variety. In those factories in which sugar is manufactured from the Improved Vilmorin in connection with other



FIG. 2.—Kleinwanzlebener sugar beet.

varieties, it is the custom to reserve this variety for the end of the season and to work up the less reliable beets at an earlier date. It is also said to resist better than any other variety the unfavorable influence of certain characters of soil and of certain manures. In black soils, rich in organic matter, it gives great industrial results, while most other varieties of beets become watery or saline in excess. Excessive quantities of nitrogenous fertilizers, which are carefully excluded

from ordinary varieties, can be applied with safety to the Improved Vil-morin, as a great number of experiments have shown that this can be done without serious deterioration in the quality of the beet and with a considerable increase in weight. From thousands of analyses it has been established that the percentage of sugar which can be obtained with this variety is about 16. Its average yield under favorable conditions can be stated to be from 12 to 16 tons per acre.



FIG. 4.—Brabant sugar beet.

Perhaps more important for general cultivation than the Vilmorin variety is the beet known as the Kleinwanzlebener, which at the present time has probably a wider cultivation than any other sugar beet. The general character of this beet is shown by fig. 3.

This beet has a conical root, straight and even, quite large at the head and rapidly tapering. It is distinguished from the Improved Vilmorin by its brighter color and its lighter-colored leaves, which

are beautifully undulating or scalloped about the edges. Coming from a cross in which the Improved Vilmorin entered largely, the Kleinwanzlebener is to-day a fixed variety and is equally well produced in France and Germany. It succeeds in soil of an alluvial nature and average richness and on level plateaus. In soils very rich in humus it ripens poorly and loses much of its richness. Like the Improved Vilmorin, toward the end of vegetation its leaves are completely spread. In those conditions of culture where the Improved Vilmorin gives from 12 to 16 tons per acre, the Kleinwanzlebener gives from 14 to 18 tons. It is, however, generally inferior to the Improved Vilmorin in saccharin richness, which the whiter and more watery appearance of its flesh would make known at first view. Nevertheless, from 13 to 15 per cent of sugar can be obtained in the beet in field culture.

The Brabant sugar beet is altogether different in aspect from the preceding varieties. It is long, rising well above the level of the soil, and carries a foliage vigorous in growth and upright in position.

This variety would seem at first view to have come from the white varieties used for forage; nevertheless, its great vigor, its abundant production, and its sufficiently high content of sugar make it a beet quite valuable in those countries where the tax is placed upon the amount of sugar made rather than upon the beet. The Brabant



FIG. 5.—White French Rich sugar beet.

sugar beet will give easily 20 tons per acre, and may be made to contain 12 per cent of sugar. Its general appearance is shown by fig. 4.

In France the adoption of legislation placing the tax upon the beet itself has not entirely banished the Brabant variety, but it has succeeded in transforming it into one of greater richness in sugar. This variation of the Brabant beet has been called the French Rich sugar beet, and seems destined to have a brilliant future, preserving in its general aspect, and notably in its foliage, many of the characteristics of the Brabant. The French Rich sugar beet differs distinctly from the Brabant in the fact that it grows entirely under the soil, is more slender, and has a ruddier skin and more compact flesh. Its yield is superior to the Vilmorin Improved and equal to the Kleinwanzlebener. The content of sugar of this new variety is rarely inferior to 14 per cent. Its general appearance is shown by fig. 5.

The Imperial sugar beet is one which is largely grown throughout Europe. It has a regular conical outline, with oval-shaped top, and its leaves have rather short stems. There are different varieties, such as the Old Imperial, Improved White Imperial, and the Improved Rose Imperial. Other varieties of beets largely grown are the Electoral, the Improved Elite, the Improved Imperial Elite, the Emperor, the Olive-Shaped, the Excelsior, etc.

Following are the names of some of the firms producing high-grade beet seed of the above named and other varieties in Europe:

Vilmorin, Andrieux & Co., Paris.
 Dippe Bros., Quedlinburg, Germany.
 Carl Schobbert & Co., Quedlinburg, Germany.
 Desprez, père et fils, Cappelle, par Templeuve (Nord) France.
 G. Schreiber & Son, Nordhausen, Germany.
 Klein & Soukoffsky, à Bielany, Poste Beresovka, Podolien, Russia.
 S. L. Ziemann, Quedlinburg, Germany.
 Otto Breustedt, Schladen-am-Harz, Germany.
 F. Demesmay, Cysoing (Nord), France.
 Schlitte & Co., Aumühle bei Gorsbach, Germany.
 H. Hornung & Co., Frankenhausen, Germany.
 Heinrich Mette, Quedlinburg, Germany.
 C. A. F. Degering, Quedlinburg, Germany.
 Ladislaus Mayzel, Brzozówka, Post Stopnica, Russian Poland.
 Martin Grashoff, Quedlinburg, Germany.
 Adolph Strandes, Rittergut Zehringen bei Cöthen (Anhalt), Germany.
 Association Maurus Deutsch, 8 Rue Lafitte, Paris.
 M. Knauer, Gröbers, Saxony, Germany.

In this country considerable quantities of beet seed have been grown by the Utah Sugar Company, Lehi, Utah, chiefly for its own consumption. It is probable that there are other growers of beet seed in this country, but no definite information concerning that point can be given.

SOIL.

The sugar beet does not require a particular kind of soil for its proper production. In general, soils are described for practical purposes as clayey, sandy, loamy, or alluvial soils; all of these soils will produce beets. The black prairie soils also have been found, with proper cultivation, to produce excellent beets. Perhaps the best soil may be described as a sandy loam; a soil containing a happy equilibrium between organic matters, clay, and sand.

In general it may be said that any soil which will produce a good crop of Indian corn, wheat, or potatoes will, under proper cultivation, produce a good crop of sugar beets. The soil on which sugar beets are grown, however, should be reasonably level, and this being the case, it should be well drained. Natural drainage on level soil being somewhat deficient, it is advantageous that tile drainage be practiced. It would be difficult to grow sugar beets on level land without good drainage, especially in a rainy season.

FERTILIZATION.

Happily, in most American soils there is still sufficient natural fertility to produce a good crop of sugar beets; whereas in the soils of Europe, where sugar beets have been grown for years, the farmers must depend on fertilizers to insure a remunerative crop.

Two kinds of fertilizers are employed—stall manure from the farm and artificial manure, generally known as commercial fertilizers. For general purposes stall manure is desirable. It should be applied, in a well-rotted condition, in the autumn before the ground is plowed. The quantity per acre depends, of course, on the fertility of the soil; but in any case it is not best to apply a very heavy dressing. In poor soils it is best to apply the fertilizer for several years in succession, rather than to apply enough at once to bring it up to the required state of fertility. Too copious an application of stall manure is apt to produce overgrowth in the beets, which makes them ill suited to the manufacture of sugar. If the fertilizer be applied in an unrotted condition, it is apt to seriously injure the crop in case of dry weather.

Of commercial fertilizers three classes are employed containing, respectively, nitrogen, phosphoric acid, and potash. In some instances these three elements are found combined in the same commercial fertilizer. Nitrogenous manure should be applied with great care to sugar beets. It tends to produce a very heavy growth of the beet and thus to diminish its content of sugar. Potash and phosphoric acid can be applied with great freedom to beet fields; in general they act much better in conjunction than when applied separately.

The principles of fertilization depend upon the fact that a soil of good quality should have returned to it all that the harvest has removed, and a poor soil be supplied with those elements in which it is deficient.

Nothing can be more certain than that a soil to which this restoration is not fully made will gradually lose its faculty to produce plants in normal quantity and composition. Culture experiments with artificial liquid manures have not been carried so far with the beet as with some other plants, and therefore the dependence between the composition of such liquids and the evolution of the beet has not yet been determined. The basis is also wanting whereon the direct working of the manure on the beet can be predicted; and here is met the well-known difficulty of getting the manures into those layers of the soil from which the beet chiefly draws its supplies of mineral plant foods.

PRECAUTIONS IN APPLYING STABLE MANURE.

Since experience has taught that beets raised on fields freshly fertilized with stable manure are inferior for purposes of manufacture, the rule has long been established that not the beets, but the previous crop should be fertilized with this material, or that the beets should be raised in rotation as the second or even third crop. Unfortunately this rule, so important to the factories, is not always observed, and as a consequence of heavy manuring large crops have been produced, but at the cost of diminished sugar content and lessened price. This rule applies especially to stable manure and night soil, as well as to Chile saltpeter, the misuse of which has produced such serious consequences for factories, but not to phosphatic manures, which usually exert a favorable influence upon the crop. Experiments conducted at the New York Station, at Geneva, have shown that the judicious use of well-rotted stable manure has proved beneficial in the growth of beets both in yield per acre and in sugar content.

QUANTITIES OF PLANT FOOD REMOVED FROM THE SOIL.

The constituents to be taken into account in the necessary restitution to the soil of the elements removed by beets are potash, phosphoric acid, magnesia, and nitrogen. Following are the quantities of these constituents in 1,000 pounds of beets and beet leaves, determined by numerous analyses:

Principal constituents of sugar beets.

Constituents.	Roots.	Leaves.
	Pounds.	Pounds.
Potash.....	8.3	6.6
Phosphoric acid	0.8	1.3
Magnesia.....	0.5	2.0
Nitrogen.....	1.6	2.9
Total ash.....	7.1	12.1

It will be seen from the relation between the roots and leaves that for equal weights the amounts abstracted by the latter are considerably

greater and deserve especial consideration in case the leaves are used for cattle food. From this point of view the leaves should be left in the field. It is certain that otherwise complete restitution is attended with some difficulty. The form in which the above-mentioned plant constituents shall be returned to the soil is well established for phosphoric acid and magnesia, and partly for nitrogen. Superphosphates, with greater or less content of phosphoric acid or with addition of a nitrogenous element, and basic phosphatic slags are of universal application. As has been shown by direct investigations, the magnesia may be nearly all returned in the filter-press cakes from the factory, though a more uniform distribution than is thus secured is much to be desired.

The soil ingredients most essential for the successful production of sugar beets are nitrogen, phosphoric acid, potash, lime, and magnesia.

Most soils contain a sufficient quantity of magnesia, and the press cakes from the factory, which should be returned to the soils, will supply any deficiency. The same is true in regard to lime, although there are some soils in which the supply of lime is naturally deficient. Such soils would be benefited by an application of land plaster, burned lime, phosphatic slags, or ground shells. Phosphoric acid and potash are supplied in the form of ordinary commercial fertilizers—the phosphorus as ground bone, superphosphate, and basic slag, and the potash as kainite or other salt. Of the various potash compounds found in natural deposits, all are useful. Preference is due only to compounds with organic substances. Consequently the molasses, or its residue after distillation, and the liquors of the molasses-working processes, all rich in potash, are themselves very valuable materials for potash fertilization, and should be carefully preserved for such use. It must not be supposed, however, that the demand for potash will be satisfied by returning to the soil the molasses from the crop of beets in the form of waste products. Aside from the leaves, for which if taken from the field a largely increased potash return must be made, the molasses itself does not represent the entire amount of potash taken. Factories which produce raw sugar sell with it also potash, and in all factories the waste waters carry away potash compounds sufficient to account for the difference between the amount of potash in the beets and in the molasses.

Phosphoric acid is best supplied in the form of ground bone, superphosphate, or basic slag from steel factories.

Nitrogen may be supplied in the form in which it exists in ground bone, or from the refuse of the slaughterhouses in the form of dried blood and tankage, or as cotton-seed meal or oil cake, or as nitrate of soda, sulphate of ammonia, etc. The simultaneous application of stall manure and nitrate of soda is not advisable because of the possible loss of nitrogen due to the development of denitrifying ferments.

As to the relation which the quantity of material returned to the soil should bear to the quantity abstracted by the beet, it may be said

in general that it is desirable to return as much nitrogen, from one and a quarter to one and a half times as much potash, and two and a half times as much phosphoric acid as have been removed by the roots. Greater additions of potash and phosphoric acid have no disadvantageous effects upon the crop. Direct investigations in regard to the relation between the sugar and potash in consecutive crops for many years have failed to give the least ground for a contrary conclusion. But it must not be expected, on the other hand, that increasing fertilization, especially potash fertilization, will produce proportionately increasing crops, as has been asserted by some.

EFFECT OF NITROGENOUS MANURES ON QUALITY OF BEET.

The opinion has generally prevailed among beet growers during late years that heavy nitrogenous manuring, especially with nitrate of soda, produces no injurious effect on the quality of the beet. This opinion was based on the fact that in such beets the sugar per cent was only slightly diminished. Nevertheless the quality of a beet may be impaired even with little or no diminution of the sugar content by reason of the increase of the percentage of nonsugars present.

In this respect it has been shown that heavy manuring with nitrogenous substances greatly injures the quality of the beet for sugar

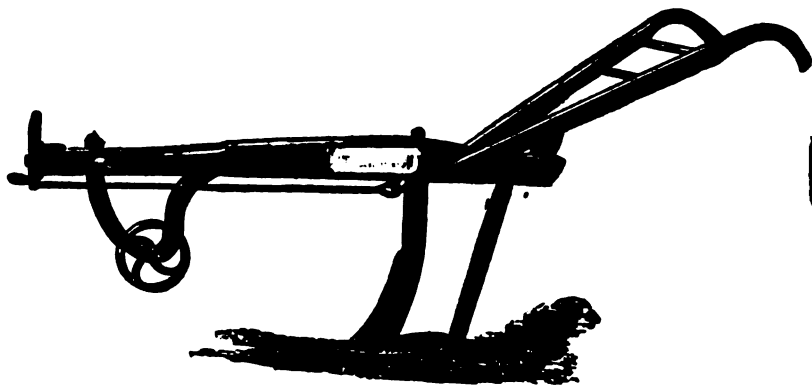


FIG. 6.—Subsoil plow.

making purposes. The apparent coefficient of purity of the juice is also frequently misleading, since no account is taken of the nature of the nonsugars present.

The real purity of the beet is also to be distinguished from the apparent purity of the juice. The real purity of the beet is obtained by dividing the percentage of sugar in the beet by the total solid matter in solution therein; the apparent purity of the juice by dividing the percentage of sugar therein by the apparent percentage of solids as indicated by the specific gravity. Judicious fertilizing with nitrate of soda, however, is beneficial, and this form of nitrogenous fertilizer is in many respects the best known for beets.

ROTATION.

Beets do best after wheat or some other cereal. It is true that soils which beets have not been grown, as the soils of this country, may produce beets for several years without harm. Nevertheless, proper rotation is always desirable.

A good scheme of rotation is, first, wheat; then beets; then clover, a crop of which is cut for hay and the second crop plowed under; then potatoes, wheat, and beets in the order mentioned. By this method, and a judicious use of stall manure and commercial fertilizers, the fertility of the soil can be maintained and even increased. Beets could follow wheat or other cereal crop, because this crop, being harvested early, leaves the ground ready for late autumn plowing, a requisite to successful beet culture.

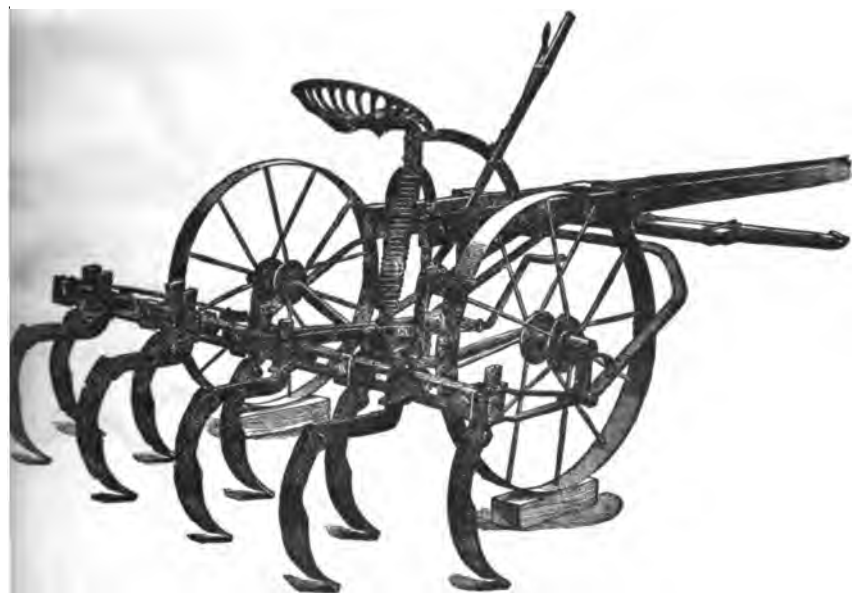


FIG. 7.—Cultivator.

PREPARATION OF THE LAND FOR PLANTING.

The field in which beets are to be planted should be selected and plowed in the late autumn to the depth of at least 9 inches. The plow in each furrow should be followed by a subsoiler, which will loosen the soil to the depth of 6 or 7 inches more. A convenient subsoiler is shown in fig. 6. Each field to be planted in beets should thus have the soil prepared by thoroughly loosening it to the depth of from 15 to 18 inches. The land, being exposed through the winter, becomes quite mellowed, and in the spring can be prepared for planting by a

simple treatment of the surface. This is done after plowing by a thorough surface cultivation until the surface of the soil is reduced to perfect tilth. The large cultivator shown in fig. 7 can be conveniently

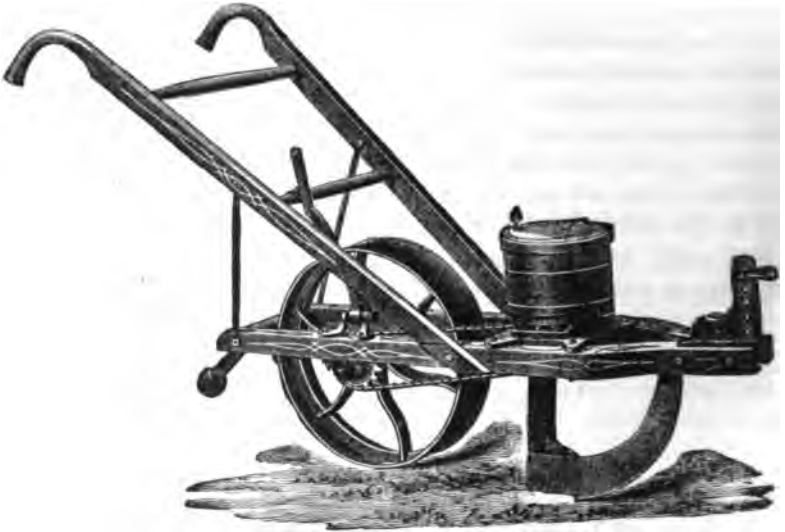


FIG. 8.—Seed drill.

used for this purpose, followed when necessary by a harrow and roller. It is desirable, however, that each portion of the field to be planted should be thoroughly prepared immediately before the planting takes



FIG. 9.—Seed drill.

place. For instance, if the planting is to be made on a given day, the soil should be thoroughly prepared on the previous day. Thus all weeds and grasses which have started to grow are killed, and the beets have an even chance with the weeds for growth. If, on the

other hand, the soil be prepared a week or even a few days before planting, the weeds and grasses get a good start, and it is difficult to free the beets therefrom.

PLANTING.

The beets may be planted either by hand or by drill. Hand planting may be practiced when a very small plat is to be put in beets, but where a field embracing several acres is to be planted it is not convenient. In such cases planting by drill is best. Almost any garden drill can be adapted to use with beet seed. Special drills for sugar-beet seed are made by many manufacturers of agricultural implements. One is shown in fig. 8. The form of drill represented in fig. 9 may also be used. In planting by drill it is necessary to use from 15



FIG. 10.—Hand seed drill.

to 20 pounds of seed per acre; in planting by hand from 10 to 15 pounds will be found sufficient.

Another very convenient hand drill, which is especially fitted with a beet seed dropping apparatus, is shown in fig. 10. This machine marks and excavates the row, drops the seed at any required distance, and covers it.

The beets should be covered to the depth of from one-half to 1½ inches, according to the state of the soil. If the soil be moist and in excellent condition, the beet seed should not be covered more than half an inch. If, on the other hand, the soil be very dry and early rains are not probable, the seed should be covered to the depth of 1½ inches.

In large cultures it is often important to be able to plant more than one row of beets at a time. For this purpose the planter shown in the

accompanying figure (11) is convenient. The machine is adapted to planting four rows at a time. The runners can be adjusted at any distance from 16 to 20 inches apart, and the quantity of seed planted can be varied from 15 to 25 pounds to the acre.

In planting by hand or by drills an effort should be made to distribute the seeds singly and at equal distances apart.

TIME OF PLANTING.

Beets should be planted as early in the spring as possible. Experience has shown that the early-planted beets almost uniformly produce a larger yield and with a higher content of sugar than the late-planted. No exact date can be fixed which would be suitable to all localities. In most of the localities in the beet area of the United States it will not



FIG. 11.—Seeder for four rows.

be found practicable to plant earlier than the first week in May. In exceptional seasons a part of the sowing may be accomplished in April.

On the Pacific coast, especially in central and southern California, the sowing can take place at a much earlier date. At Chino planting has been practiced in December with favorable results. In 1895 one acre of beets planted in the autumn yielded at the rate of $12\frac{1}{2}$ tons per acre, with an average sugar content of 15.2 per cent and a purity of 81.5. In the same field 8 acres planted in the spring yielded only 5 tons per acre, with an average sugar content of 14.7 and a purity of 80.5. It was observed, however, that the autumn-planted beets had a higher content of marc than those planted in the spring. Under date of January 4, 1897, the agricultural manager of the Chino Beet Sugar Factory wrote that he had planted 5 acres of beets on the 21st of December and that they were then well out of the ground.

He further stated it to be the intention of the company to continue the experiments of autumnal and winter planting on a more extensive scale, and to plant from 50 to 100 acres in the autumn of 1897 for the harvest of 1898. In this connection it must be remembered that the climatic conditions of the Chino Valley are almost unique for beet-sugar production, and the experience there obtained would not be applicable to beet-sugar regions in general.

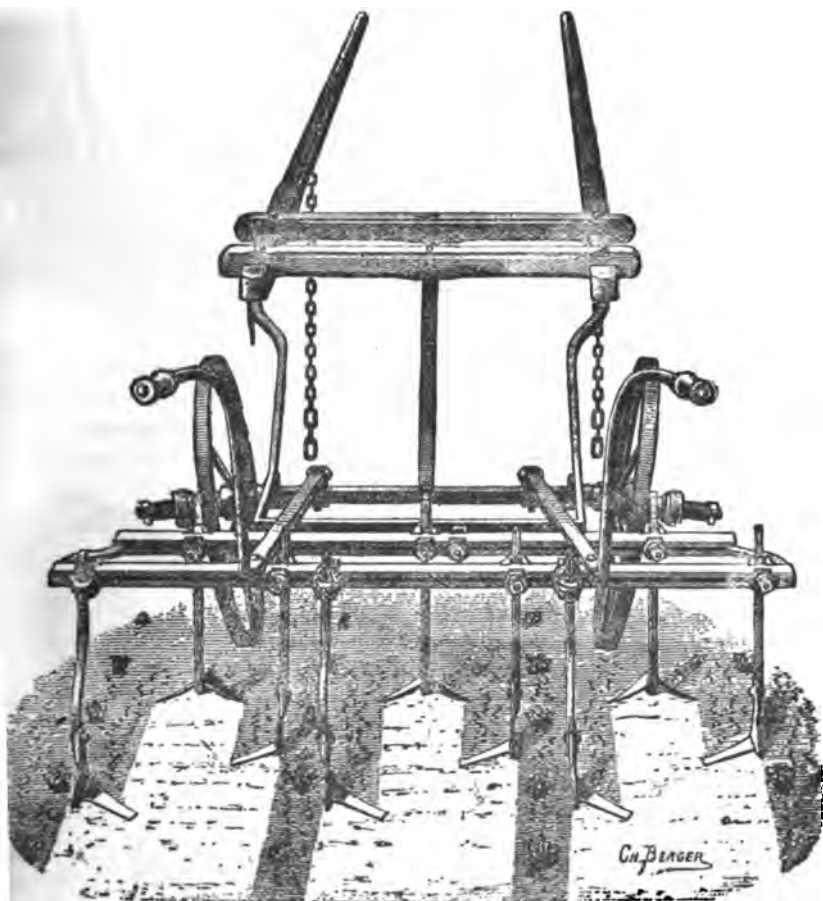


FIG. 12.—Horse hoe.

CULTIVATION.

As soon as the beets are large enough to mark the rows, cultivation with the horse or hand hoe may be commenced. Cultivation must not be postponed, except for unfit condition of the soil, if the grass and weeds appear above the ground at the same time with the beets.

When large fields are cultivated, the horse hoe, a model of which is shown in fig. 12, may be used. For smaller fields a similar apparatus drawn by hand may be employed. Convenient instruments of this

kind are shown in figs. 13 and 14. This plow frees the spaces between the rows of beets from weeds and the guard prevents the growing beets from being covered by the loose soil.



FIG. 13.—Hand hoe.

When the beets show four leaves the process of thinning should take place. If the rows be 18 inches apart a vigorous plant should be left every 8 or 10 inches. Careful selection should be made and all

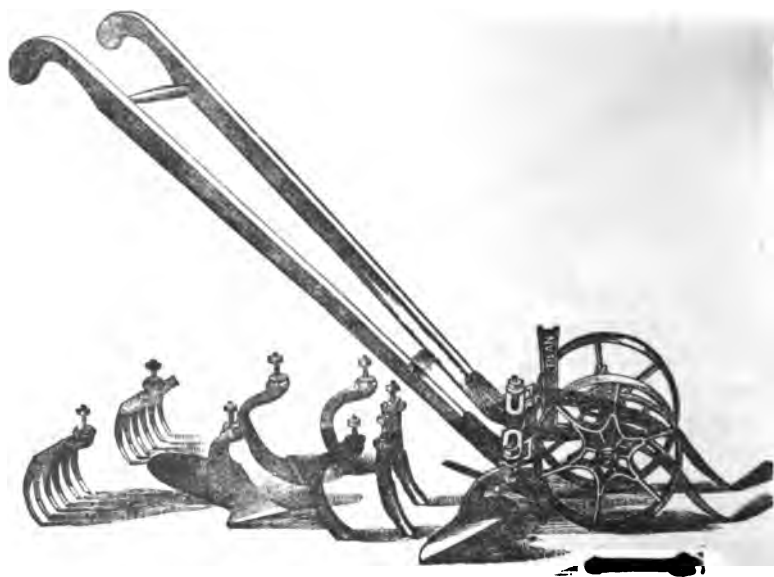


FIG. 14.—Cultivator for beets.

the puny plants destroyed. It is better to save the vigorous plants even if regular intervals are not preserved, but no space should be left greater than from 12 to 15 inches in extent. Much of the thin-

ning work can be done with a narrow hoe, but where the plants are very close together, at the place where the preserved plant is to grow, the work must be done by hand. It is well to give a thorough hand

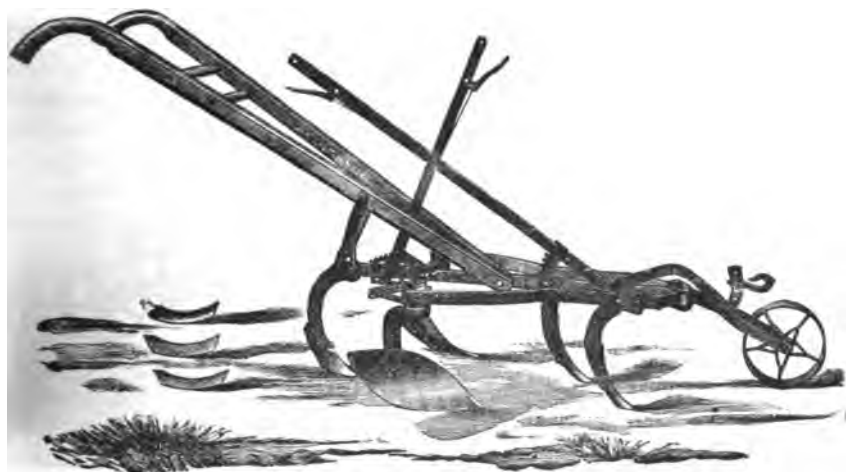


FIG. 15.—Deep cultivator.

hoeing at the time of thinning, and the subsequent cultivation, in most seasons, may be carried on with horse power.

When the beets are more advanced a few deeper cultivations may be

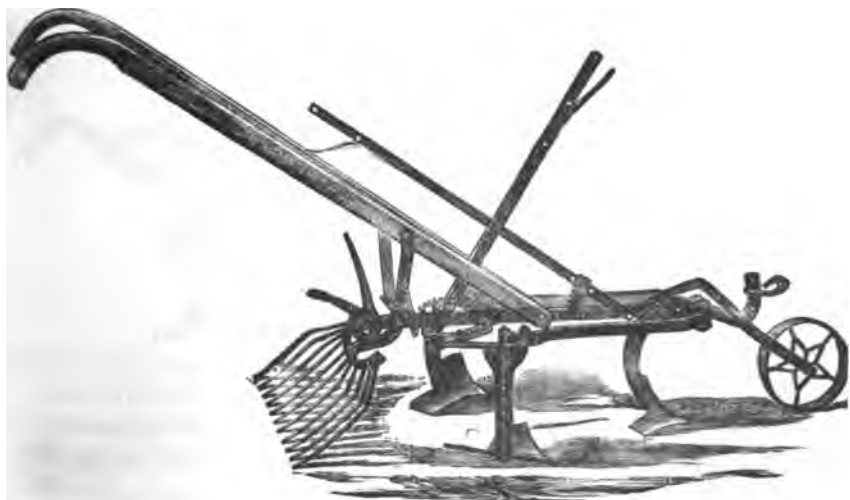


FIG. 16.—Flow cultivator with harrow.

desirable, and for these any good narrow cultivator may be used for single rows or wider ones for double rows. The instruments shown in figs. 15 and 16 will be found suitable to this kind of work.

The cultivation in all cases should be conducted for the double

purpose of keeping the beets entirely free of weeds and for preserving the proper tilth of the surface of the soil. It may be said that at least once a week during the period of growing, lasting from six to eight



FIG. 17.—Beet cultivator for irrigated lands.

weeks, the beet field should be cultivated. If the season be very dry, more frequent cultivation will be found useful. The final cultivation should leave the soil practically level. During cultivation care should be taken not to injure either the leaves or the root of the beet, and

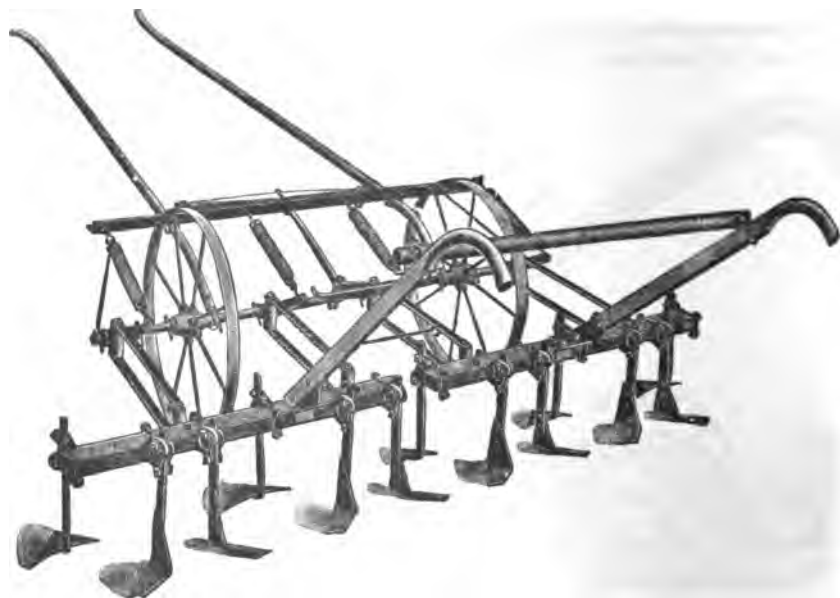


FIG. 18.—Cultivator for four rows.

when the foliage of the growing crop begins to well cover the surface of the soil cultivation may be suspended.

In growing beets with irrigation a cultivator which will prepare the furrow for conducting the water over the field is important. Such a

machine is shown in fig. 17. In this instrument the plow shown in the rear of the cultivator teeth forms the required furrow and can be set at any required depth. In ordinary cultivation the brush harrow shown in fig. 16 can be inserted in place of the plow.

In the cultivation of large areas an implement adapted to four rows of beets is desirable. Such an implement, however, can not be advantageously used, except in those cases where the beets have been sown with an implement of similar capacity. The cultivator shown in fig. 18 is suitable for use on fields which have been planted with the seeder shown in fig. 11. The gangs of plows in this instrument are easily handled by a spring lift, and by reason of a peculiarity of



FIG. 19.—Correct position of a mature beet in the soil.

construction run steadily and adapt themselves exactly to the rows, so that the operator needs only to watch a single row. Different kinds of implements for cultivation can be easily attached so that the instrument can be used as a plow, a cultivator, or a harrow.

POSITION OF THE BEET IN THE SOIL.

It is important not only that a sugar beet should be of a proper size and shape, but also that it be grown in such a manner as to secure the protection of the soil for all of its parts except the neck and foliage. The proper position for a beet to occupy in the soil at the end of growth is shown in fig. 19. This position can only be secured for the beet by

growing it in a soil sufficiently pervious to permit of the penetration of the taproot to a great depth. It is for this reason that subsoiling in the preparation of a field for the growth of sugar beets is of such great importance. If the beet, in its growth, should meet a practically impervious subsoil at the depth of 8 or 10 inches, the taproot will be deflected from its natural course, lateral roots will be developed, the beet will become disfigured and distorted in shape, and the upper portion of it will be pushed out of the ground. Experience has shown that the content of sugar in those portions of a beet which are pushed above the soil is very greatly diminished.

COST OF GROWING BEETS.

The cost of growing an acre of beets depends on so many varying factors as to render it impossible to give an estimate which is reliable for every locality. The differences in rent of land, cost of labor, methods of culture, etc., require that any estimate which may be given should be revised for almost every series of conditions. The following estimate of the cost per acre is based on a yield of 12 tons per acre, except in Utah.

An assumed yield per acre is requisite in estimating the cost of harvesting, etc., since a part of the cultivation and the harvesting are often contracted at a certain price per ton of beets. The figures given below are from actual averages of the past few years or from estimates by experienced men.

It should be noted that in the Pacific coast and other Western States farm laborers are paid as high as \$2 per day. The actual average paid by one California factory in 1899 to white, Chinese, and Japanese laborers was \$1.829 per day. It should be stated that field labor in California was paid unusually high wages in 1899 on account of its scarcity.

Approximate cost of sugar-beet culture.

Items.	California.	Utah.	Nebraska.	Illinois.	Michigan.
Clearing the land.....			\$1.00 to \$1.50	\$0.70 to \$1.25	} \$2.25
Plowing and harrowing ..	\$5.37	\$3.50	2.50 to 3.00	2.00 to 2.45	
Seed and seeding.....	1.80	2.75	3.25 to 3.85	3.80 to 3.40	
Bunching and thinning.....		4.00	7.00	4.50 to 5.00	
Hoing.....	14.40	4.00	2.00 to 4.00	6.00 to 7.00	
Cultivating.....		2.00	1.50 to 1.80	1.75 to 2.25	1.50
Other expenses.....		1.50		2.00 to 3.00	-----
Harvesting and delivering ..	\$1.50	\$15.00	11.00 to 13.20	7.00 to 7.50	17.30
Total.....	23.07	32.75	23.25 to 34.15	27.25 to 31.65	34.45
Cost of siloing when necessary..			2.50 to 3.00	-----	-----

¹ Cost of irrigation.

² Exclusive of delivery.

³ Based on a yield of 15 tons per acre.

In the above estimate has been included the cost of the best culture, but nothing for rent of land or a reasonable application of fertilizers. It is probable that the actual cost to our farmers for the first few years of the beet industry will not exceed \$25 to \$35 per acre and in

many instances will fall below these figures. The price paid for the beets is dependent on many local considerations, but chiefly on the selling price of sugar and the richness of the beet.

It is reasonably certain, accidents of season aside, that a net profit of from \$8 to \$15 per acre may be expected from the proper culture of the sugar beet in localities near a factory when all the conditions of the best methods of culture are fulfilled.

In contrast with the above estimate, the actual figures submitted by Mr. J. Thomssen, of Hall County, Nebr., in a letter published in the *Prairie Farmer*, on the 3d of January, 1891, are given. The cost is given for a field of 5 acres, and the items are as follows:

Fall plowing, at \$1 per acre	\$5.00
Plowing in spring, at \$1.25	6.25
Rolling twice, once before and once after planting.....	1.50
Planting by hand, at 75 cents per acre.....	8.75
Cultivating with hoe, at 75 cents	8.75
Thinning, at \$10	50.00
Hoeing by hand three times and weeding necessary at time of hoeing.....	90.00
Cultivating by horse twice, at 75 cents	7.50
Running over with hoe to clear from remaining weeds	8.75
Total.....	171.50

Dividing this by 5 gives a total of \$34.30 per acre.

As will be seen from the above, Mr. Thomssen makes no allowance for the rent of the land, used no fertilizers, and gives no estimate of the price of seed and of the expense of harvesting and hauling to the factory. But his field was hoed by hand three times, which with the proper implements is more than is necessary, one good hand hoeing being as a rule sufficient.

Mr. J. B. Henderson, of Alameda, Cal., reports the cost of growing and harvesting 10 acres of beets at \$614.83, or \$61.48 per acre. His farm is 1 mile from the factory. Mr. A. F. Richardson, of the same place, residing 2 miles from the factory, reports the cost of 11 acres at \$535.04, or \$48.64 per acre.

It is not wise to underestimate the actual cost of growing the beets, for this will lead the farmer to expect large profits which often in practice give way to actual deficits.

HARVESTING.

The time for harvesting varies in different localities. In southern California the beets planted in February are ready for harvesting in August. In general it may be said that beets planted the first week in May will be ready for harvesting about the 1st of October. Harvesting should be postponed to as late a date as possible, provided the beets are in no danger of a second growth and are not exposed to a freezing temperature. The leaves of the ripened beet change from a rich to a yellowish green, become drooping and applied closely to the

earth, and many of them die. The harvesting is easily accomplished by first loosening the beets in the soil and then removing them by hand. For loosening the beets the apparatus shown in fig. 20 may be employed. It can be used to advantage only when the rows are perfectly straight and the beets of a reasonably uniform size. The teeth of the apparatus are sunk deep enough into the earth to catch the beet below its middle part. In moving forward the plow catches the beets between its two prongs, which approach more nearly together in the rear, and on account of the angle at which the teeth are fixed the beets are lifted and the taproots broken. After the passage of the harvester the beets are easily lifted out of the ground by means of their leaves.

The next operation consists in removing the neck. This is done by

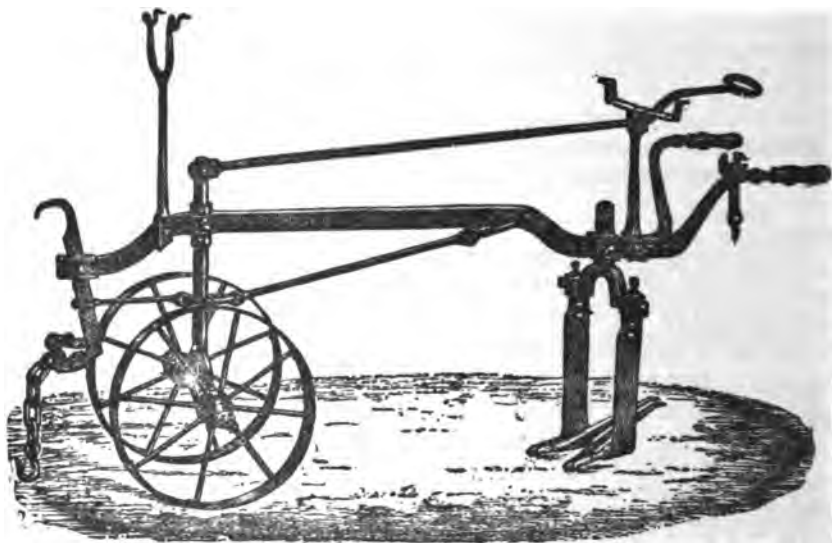


FIG. 20.—Beet harvester for one row.

a large knife and the top of the beet, called technically its neck, is cut off so as to remove, with the top, that portion of the beet to which the stems of the leaves have been attached.

The object of removing this portion of the beet is to prevent the mineral salts, which have accumulated in large quantities therein, from entering the factory. These mineral salts exercise a very deleterious influence on the crystallization of the sugar, and, therefore, should be removed. They are well fitted for feed or for fertilizing purposes and are of more value when left upon the soil than when removed to the factory. The neck is also much less rich in sugar than the other parts of the root.

The removal of the tops of the beets is a tedious process which, in Europe, is performed by women and children. In this country the process of topping the beets will prove much more expensive than in

Europe. It is probable that some mechanical device will be invented by which the beets can be topped, thus saving a large expense. So far as known at the present time, however, this process has not been successfully accomplished by machinery and the topping must still be done by hand. When the beets are topped they are thrown into piles, and the tops thrown over them as a protection from the sun or frost until they can be delivered to the factory.

The beets are best delivered to the factory in dump carts, which permit of their quick unloading. It is not customary for the farmers to silo their beets except in the simple manner indicated above.

SILAGING.

When beets are to be preserved for manufacture during the winter months or for the production of seed, they must be carefully protected against frost. The simplest and the easiest method is to place them in piles and cover them with earth, not too deeply, for if they become too warm in the silo they rapidly lose in sugar content. When first siloed, say about the 1st of November, they should be covered with only a slight layer of earth; as the cold of winter becomes more intense this covering can be increased. In some localities only a slight covering of straw is necessary to protect the beets, as, for instance, in California. In other localities, such as in the Dakotas, Minnesota, and Wisconsin, it is probable that the beets would have to be covered to the depth of 2 feet, or even more, to protect them from frost.

Silaging is often done by the factory, as it would be very inconvenient to deliver beets from a distance to a factory in the middle of winter.

In most localities in the beet-sugar region of the United States it is probable that the harvesting and delivery to the factory could be entirely completed by the middle of November; although in some seasons there would be no danger whatever in leaving the roots in the earth until the 1st or even the 10th of December, while in California there is no danger at all of freezing.

In the construction of large silos due regard must be had for proper ventilation to avoid the danger of heating.

PRODUCTION OF SEED.

The production of seed is one of the most important operations connected with the sugar-beet industry. On the care and skill which are displayed in this process depend the improvement and maintenance of the sugar-producing qualities of the beet. There are many different methods employed for producing seed which will grow the richest sugar beets, but there will be mentioned here only a general outline of the principles which underlie the process. The beets which are to be preserved for seed are called "mothers" and are carefully siloed in the manner already indicated. They are selected at the time of harvesting

from specially grown beets or from fields of beets which have shown particularly good qualities on analysis. The size of the roots selected for mothers should be about the average for the best sugar beets, viz, from 20 to 24 ounces. Smaller beets than these might show a higher content of sugar, but it is not wise to produce a race of small beets by selecting the seed from the very smallest and richest beets grown. The weight of the mothers having been decided upon, the beets are next selected for their shape and external appearance. Those regular in shape and smooth in external form are to be preferred. Roots of irregular shape or with more than one taproot should be rejected.

The beets to be preserved for mothers are harvested with unusual care to avoid injury. The neck is not cut away, but the leaves are removed by cutting off the stems without injuring the neck of the beet.

The siloing should be of such a nature as to entirely protect the beets from frost and yet prevent their growth in the silo until the spring. The beets are removed from the silo at an early date in the spring and are immediately subjected to analysis for the final selection. In the early days of the beet industry the beets were selected almost solely on account of their specific gravity. A brine of a given strength was made, and the beets, thoroughly cleaned of dirt, were thrown into this brine. Those which would sink were selected as mothers, while those that would swim were rejected. At the present time the final selection depends upon the actual determination of the density of the juice of the beet which is to be selected as a mother and the estimation of its content of sugar. For this purpose a cylindrical piece of the beet is removed by an appropriate instrument cutting diagonally through the center of the root. This piece may weigh one-half ounce or even more, and its removal does not injure the beet for germinating purposes. The juice is expressed from this piece, and its specific gravity determined by weighing in it, at a given temperature, a silver button of known weight.

The sugar content of the juice is next determined by means of the polariscope. By means of these two data the qualities of the beet for the production of seed are determined and also the coefficient of purity; that is, the number obtained by dividing the percentage of sugar in the juice by the percentage of solid matters as determined by its specific gravity and multiplying the quotient by 100. In mother beets this number is found somewhere between 80 and 90. The actual method of selection may be illustrated as follows:

The operator determines beforehand his standard, which in most cases will consist of a juice containing from 16 to 18 per cent of sugar with a purity of 85. The beets are analyzed separately, and are at once divided into two great classes, namely, those in which either the content of sugar or the purity falls below the fixed figure, and, second, those in which these two numbers are equal to or exceed the fixed fig-

ures. It is sometimes customary to divide these two classes into two portions, viz, those roots in which the numbers are equal to or slightly above the standard, and, second, those which show exceptional richness. It is also customary to number each beet, and the number, which is cut into the skin of the beet, will remain legible even after the seed has ripened. Some of the producers of sugar-beet seed preserve the product of seed from each beet by itself, and do not use it to inaugurate the production of seed for commerce until it has received an additional year's trial.

Many seed producers determined the percentage of sugar in the weight of the beet by a direct analysis of a pulped sample and base the selection of the mothers on the number so obtained, without regard to the coefficient of purity.

By careful selection of mother beets, and scientific culture, the sugar beet has been raised to its present high standard of excellence, and is only maintained at this standard by constant supervision, such as has been indicated.

The sugar-beet seed produced by the above method is not sold for planting fields, but is used solely for the production of the seed of commerce in the fourth or sixth year from the parent, as the case may be.

DOMESTIC PRODUCTION OF BEET SEED.

The commercial production of beet seed of pure pedigree and high grade has not been practiced to any extent in this country. The Utah Sugar Company, and perhaps others, have grown seed for their own use. During the continuance of the experiment station at Schuyler, Nebr., a system for the production of beet seed of exceptionally high grade was inaugurated, embodying all the best features of the methods practiced in Europe. In the spring of 1893, 6,370 beets, which had been carefully selected on account of their physical characteristics and preserved in a silo over winter, were subjected to an analysis by removing a cylindrical core from each one and subjecting the expressed juice therefrom to a chemical examination. Allowing for the deterioration in sugar content which the beets had suffered during storage, the beets were classified by the analysis as follows:

Classification of beets.

Variety.	No. I grade (sucrose 18 per cent upward).	No. II grade (sucrose 15 to 18 per cent).	No. III grade (sucrose 13 to 15 per cent).
	<i>Beets.</i>	<i>Beets.</i>	<i>Beets.</i>
Original Kleinwanzlebener.....	36	465	448
Dippe's Kleinwanzlebener.....	6	483	1,176
Vilmorin Improved.....	8	600	784
Lemaire.....			476
Desprez.....			168
Elite Kleinwanzlebener.....	7	210	224
Total.....	57	1,758	3,276

The following statement gives the proportion of the beets analyzed which was eligible for propagation uses:

Number of beets of all grades accepted for seed production	5,091
Number of beets of all grades rejected for seed production	1,179
Total	6,270

By reason of the abolition of the experiment station the beet seed produced was sold to the highest bidder for a sum which would have brought for an acre under cultivation \$172.60.

DEVELOPMENT FROM A SINGLE HIGH-GRADE BEET.

In the case of any given variety let it be assumed that a beet is found of good size and typical form, and exceptionally rich in its sugar content and the purity of its juice. The production of beets on a commercial scale from this single individual is accomplished as follows: The beet is preserved over winter and planted in the spring for the purpose of producing seeds. The seeds thus obtained are carefully freed from all imperfect and defective individuals, and planted the second year for the production of beets. Several hundred beets will likely be produced from this sowing. All of these beets which are of proper size and good form are preserved during the winter. In the third spring they are all carefully analyzed and those which reach or exceed a given standard are planted for the production of seed. It is probable that during this third season several thousand beets will be produced. All those which are of typical size and shape are preserved over the winter, and the fourth spring are planted without analysis, and the seed which they yield will be of sufficient quantity to be used in the fifth year for the production of sugar beets for the factory. It is seen by the above statement that at least five years are required for the production of seed for commercial purposes from any high-grade individual beet which may be selected for the purpose.

COMPARATIVE VALUE OF DOMESTIC AND FOREIGN SEED.

In the experiments conducted at the station at Schuyler during the season of 1893 a comparison of the beets grown from domestic and imported seeds was made. The plants from the native-grown seed seemed to have a higher vitality and to be better suited to the climatic conditions of the locality than those grown from imported seeds. They showed during the growing season a more abundant foliage and a better development of roots. This higher vitality and quality of the beets grown from domestic seed illustrate in a forcible degree the advisability of the production of our beet seed at home. Even granting that seeds produced in foreign countries have the same high qualities, it must be admitted that their vitality is in danger of being very much diminished during shipment to this country. The moist air of the holds of the ships in which they are transported often produces

moldiness and incipient germination, which tend to greatly diminish their value. Not only did the beets produced from the home-grown seed have a higher percentage of sugar, but they also afforded a higher yield per acre, as determined in the experiments at Schuyler. The mean tonnage per acre from the home-grown seed was 21.1 and from the imported seed 17.9. The mean pounds of sugar produced per acre from the home-grown seed was 5,891 and from the imported seed 5,185. This shows an increase of about 12 per cent in the actual quantity of sugar per acre when domestic seed was used. These data should be carefully studied by all those who are interested in the production of beet sugar in this country. Perhaps the time has not yet come for the inception of such a work, but it is evident that it will not be long before there will be a demand for the establishment in this country of a plantation or plantations devoted exclusively to the production of beet seeds on the most approved scientific principles.

The quantity of seed required to plant an acre is about 15 pounds. The approximate number of acres planted to beets in this country during the season of 1899 was 135,305, requiring 2,029,575 pounds of seed. More than 3,000,000 pounds of seed were required for the crop of 1901. It is evident that there is already an opportunity for the active operation of a large plantation devoted exclusively to the production of beet seeds for domestic use.

Another point to be considered is that by the importation of foreign seeds there is danger of introducing those diseases of beets which have occasioned such ravages in Europe.

MANUFACTURE OF SUGAR.

The process of making sugar from the sugar beet interests the agriculturist only from secondary considerations, and will be treated in the briefest possible manner to give an intelligent idea of its methods.

The beets are first conveyed to washing tanks provided with suitable apparatus for keeping them in motion and transferring them toward the end from which the fresh water enters, in order that the whole of the adhering soil, together with any sand and pebbles, may be completely removed. By a suitable elevator the beets are next taken to a point above the center of the diffusion battery, shown in fig. 21, whence they are dropped into a slicing apparatus, by which they are cut into pieces of greater or less length and of small thickness, and of such a shape that when placed in the cells of the battery they will not lie so closely together as to prevent the circulation of the diffusion liquors. When the cell is full of the sliced beets it is closed and the hot juices from the cell last filled are admitted and allowed to remain in contact with the cuttings for a few minutes. From 10 to 12 cells are thus kept in use. While one is filling another is emptying. The fresh hot water is always admitted to the cell next to be emptied and passes in succes-

sion through all the cells under pressure, until it reaches the one last filled. From this cell a quantity of juice is drawn off each time and sent to the carbonatation tanks for purification.

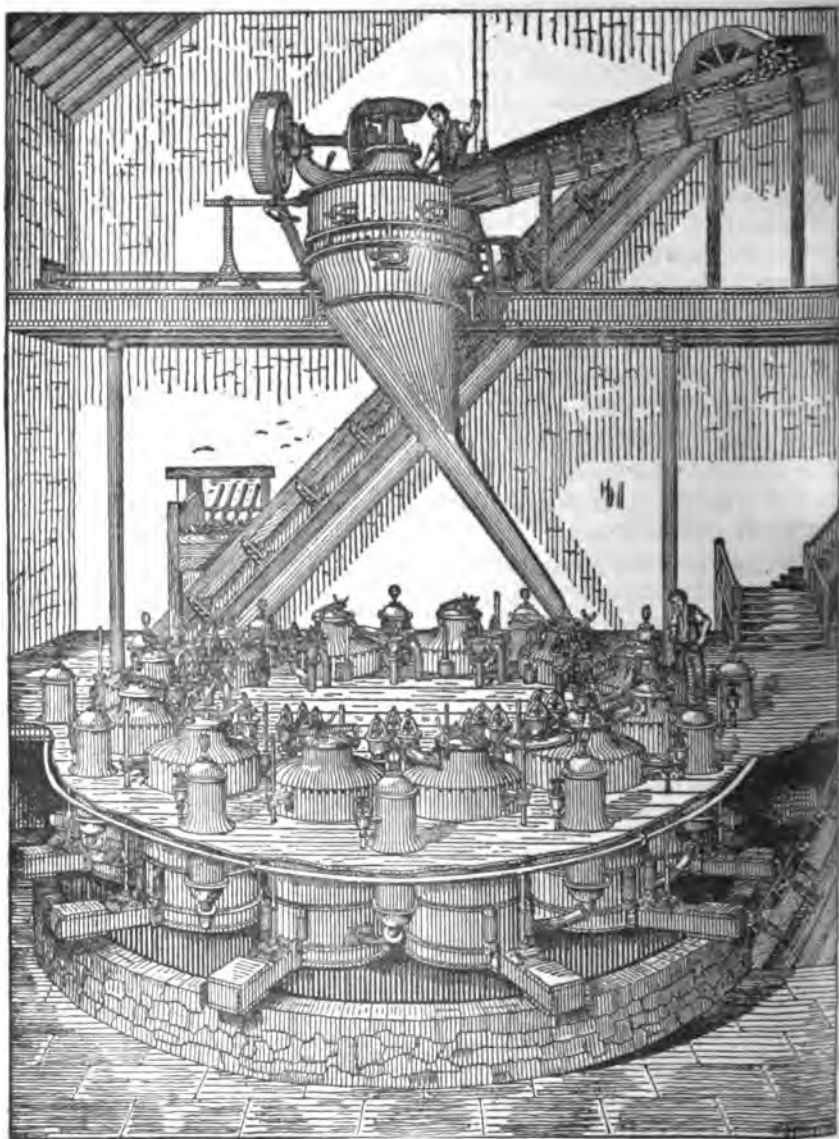


FIG. 21.—Diffusion battery.

The extracted cuttings are carried through a press by which a portion of the water is removed, and they are then in suitable condition for use as cattle food. The diffusion juices obtained as above described are

conveyed to carbonatation tanks, where they are treated with from 2 to 3 per cent of their weight of lime and afterwards with carbonic acid until nearly all of the lime is precipitated. The slightly alkaline juices are next passed through filter presses, by which the precipitated lime and other solid matters are removed. The juices pass next to a second set of carbonatation tanks, in which they undergo a treatment similar to that just mentioned, but the quantity of lime added is small as compared with that of the first carbonatation. The refiltered juices from the second carbonatation, usually termed the "saturation," are carried to the multiple-effect vacuum evaporator and reduced to the condition of sirup.

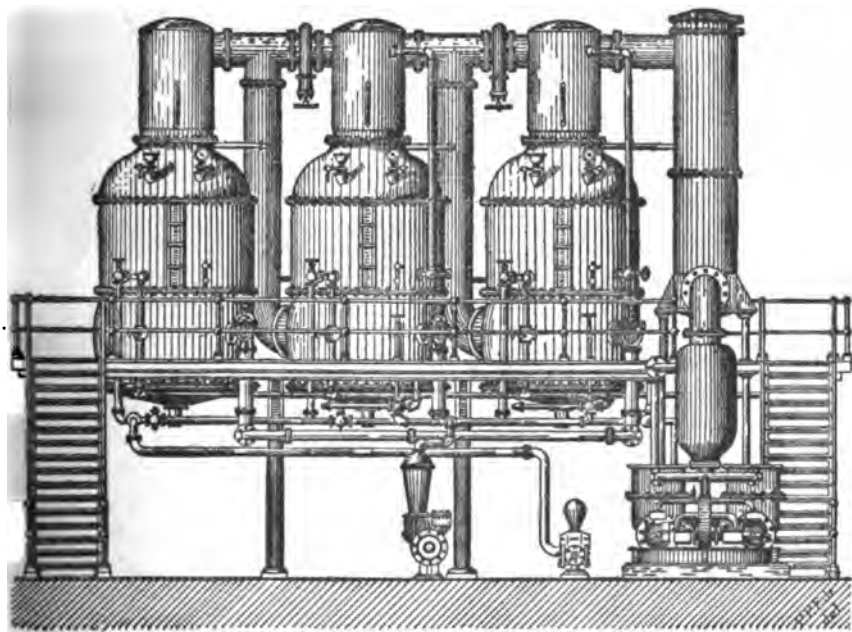


FIG. 22.—Multiple-effect evaporating apparatus.

The multiple-effect evaporating apparatus (fig. 22) consists of a series of pans connected in such a manner as to secure a progressively higher vacuum. The thin juices enter the first pan, where they are evaporated at a vacuum represented by a column of 0 to 8 inches of mercury. The steam with which this evaporation is effected is usually the waste coming from the engines and pumps of the factory.

The vapors generated in the first pan enter the heating pipes of the second one, and are thus utilized in evaporating the somewhat concentrated sirup which is drawn off from the first pan into the second one, where the vacuum is higher, being represented by a column of mercury of from 12 to 15 inches in height. The vapors which are produced in the second pan are in like manner conveyed to the heating pipes of a third apparatus, where the still more concentrated sirups from the

second pan are conducted and evaporated at the highest vacuum obtainable in such apparatus, usually from 26 to 28 inches of mercury. Usually a fourth pan is employed, but the arrangement is fully illustrated by the above example. It is easy to see by the arrangement above noted that the evaporation of the thin diffusion juices to a heavy sirup is accomplished with the greatest economy, direct steam being admitted only into the first pan, and the rest of the operation being accomplished by the steam generated in the evaporation of the liquors. The sirup thus produced is converted into sugar in the following manner:

A portion of the sirup is placed in an evaporating apparatus called the strike pan. This apparatus is very large, usually a cylindrical

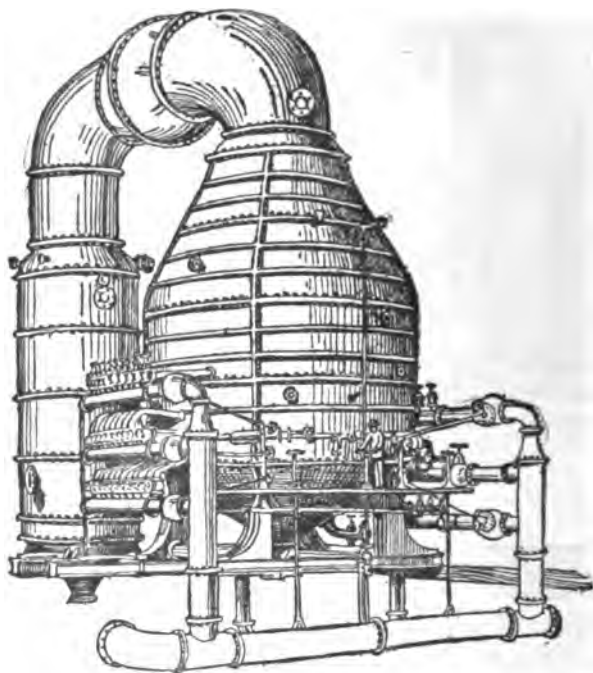


FIG. 22.—Vacuum strike pan.

vessel with a conical bottom, and is provided with a series of coils, one above the other, to which the steam can be admitted at will. The admission of steam is always so regulated that it is not allowed to enter any of the coils above the surface of the liquid in the pan. The portion of sirup first introduced is evaporated until it reaches a point of consistency which will permit of the formation of crystals, i. e., supersaturation. In this condition, if a portion of fresh sirup be introduced the whole mass in the pan becomes charged with exceedingly fine crystals of sugar.

By careful manipulation and the introduction of new quantities of sirup from time to time these crystals are made to grow. As the pan comes full successive coils of the steam pipes are brought into use, so

that the boiling surface of the pan is gradually increased in proportion to the volume of its contents. In the course of a few hours the skilled sugar boiler will find that the pan is full and that the crystals have grown to the proper size. The mass in the vacuum pan at this stage is extremely heavy, consisting of a dense mass of sugar crystals mixed with a quantity of molasses greater or less in amount, as the juices from which the sugar is made are more or less pure. The illustration of the vacuum pan (fig. 23) is from a photograph of a large pan, 17 feet in diameter and 42 feet high, intended for refinery use. This pan turns out 1,000 barrels of sugar at each strike, and the time required for boiling is about three hours. It is constructed on exactly

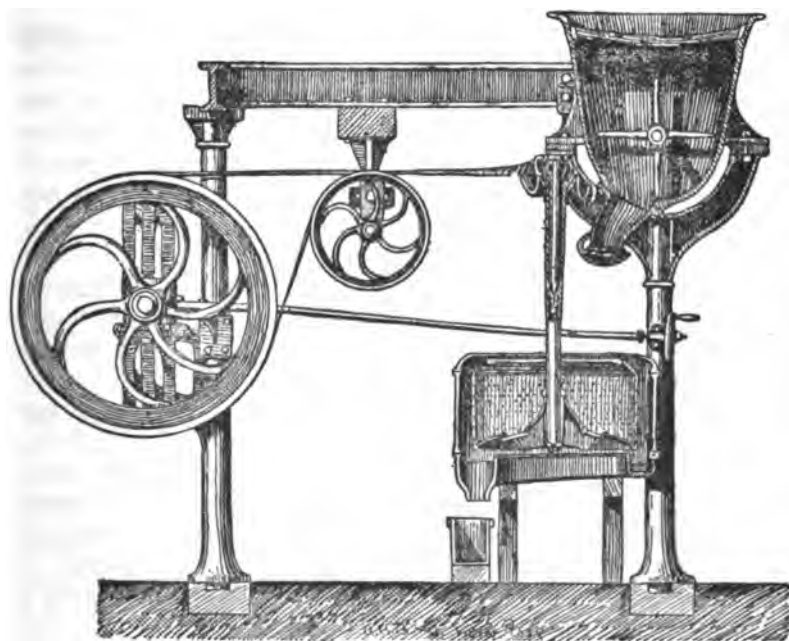


FIG. 24.—Centrifugal apparatus.

the same principles as the smaller pan employed in beet-sugar factories. In boiling sugar in a vacuum pan, if the highest possible yield is desired and no objection arises to the formation of soft crystals, a very high vacuum, equivalent to 29 inches of mercury at the sea level, is employed. At this vacuum the sirups boil at a temperature of from 112° to 120° F. If harder crystals, giving a somewhat less yield, are desired, as in the case of making granulated sugars, a lower vacuum, namely, from 24 to 26 inches, is employed.

The sirups are reduced in the vacuum strike pan into sugar called massecuite, which contains from 6 to 10 per cent of water. This is then carried directly to the centrifugals, where the molasses is separated.

The construction of the centrifugal apparatus is shown in fig. 24. A lining of wire gauze permits the molasses to pass outward under the impulse of the centrifugal motion, while it retains all the crystals of sugar except those fine enough to be entrained with the escaping liquid. The uncrystallized sirups, together with the water, are separated from the sugar by the centrifugals, and form the molasses. The molasses is reboiled and a second crop, and usually a third crop, of crystals obtained, the molasses from which is treated in various ways for separating the sugar which it still contains. One of these methods which has come into general use is known as the Steffen process. In this method the molasses is diluted with water cooled to a low temperature and treated with fresh-burned, fine-ground lime. The sugar in these conditions forms a chemical compound with the lime, which is separated from the other constituents of the molasses by means of a filter press. The lime sucrate thus secured is beaten up to a cream with water, the lime precipitated with carbonic acid, separated by means of a filter press, and the pure sugar juices thus obtained boiled for the separation of the sugar as described above. Another method consists in removing the salts which prevent the crystallization of the sugar by the process of osmosis. A third method consists in the use of strontium or barium hydroxid for the separation instead of lime salts, as in the Steffen process; or, finally, the molasses may be subjected to fermentation and distillation, and the sugar therein contained thus converted into alcohol.

The above is an outline of the general method used for the manufacture of raw sugar. If refined sugar is to be made, the juices and sirups may be passed over bone black to decolorize them and the crystals washed in the centrifugal in order to make them perfectly white. The small, hard, colorless crystals thus obtained when dried in a revolving drum form the granulated sugars of commerce. The customary method consists in treating the juices with sulphurous acid and purifying the crystals in the centrifugals.

HOME MANUFACTURE OF SUGAR.

The question is often asked if beet sugar can not be made in a small way so that farmers could club together, put up a cheap apparatus, and produce their own sugar. On account of the elaborateness of the process and the costly nature of the machinery which is necessary to produce beet sugar even in a small way, it is not believed that it could be profitably made in the way indicated. A small factory could not possibly compete with a large one, and hence there is no encouragement to be offered in the way of producing homemade beet sugar. The Department has no knowledge of any successful beet-sugar factory of this kind. There is no country producing any notable quantity of beet sugar in which home apparatus costing only a few thousand dollars has any appreciable influence on the output of sugar. Russia has

been cited as an exception to this rule. The output of beet sugar in Russia in 1898-99 was about 750,000 tons. The total number of factories in operation was about 300. The average annual output of each factory in round numbers was 5,000,000 pounds, representing an average consumption of 25,000 tons of beets. These figures indicate that the capacity of the average Russian beet-sugar factory is not greatly different from that of other European countries.

WASTE PRODUCTS.

The waste products of the factory consist of the pulps and molasses. The molasses is used for various purposes, either for making sugar, as described above, for fertilizing purposes, for the manufacture of alcohol, or sometimes for cattle food. The pulps make a valuable cattle food. They may be fed in the fresh state or preserved in silos. Lately extensive experiments have been made in drying the pulps and preserving them in the dried state, and these experiments have been fairly successful. It is stated that the value of the pulps for feeding purposes is from one-fourth to one-fifth of the value of the beets.

COST OF MANUFACTURE.

The cost of manufacture depends on as many factors as that of beet growing. Chief among these are transportation, fuel, weather, and labor. Perhaps the most important of these factors is the price of fuel. In some localities coal can be had for \$1.25 per ton; in others the cost may reach as high as \$10 per ton.

The manufacture of beet sugar is conducted without governmental supervision in this country, and any exact account of its cost is inaccessible. To show what it may be, with large experience and the highest skill and management, the mean cost of manufacture in 113 German factories is given:

Mean capital invested in each factory.....	\$193,400.00
Total receipts for sugar, molasses, and pulps per ton of beets.....	11.10
Mean cost of beets per ton of 2,204.62 pounds.....	\$4.90
Salaries per ton of beets.....	.26
Labor per ton of beets.....	.78
Interest on investment per ton of beets.....	.36
Coal per ton of beets.....	.63
Miscellaneous expenses per ton of beets.....	.96
Total expense of manufacture per ton.....	7.84
Profit per ton of beets.....	3.26

The mean net profit for each factory was \$34,240. The price paid for beets, however, is in most cases fictitious, the beet growers owning the factory and preferring to share in the general profits rather than to charge a high price for the beets. First-class beets rarely sell for less than \$5 per ton. The Western Beet Sugar Company, of Watsonville,

Cal., stated that in its first campaign, 1888-89, the cost of manufacture amounted to \$80.80 per ton of sugar. At the present time it appears that with the best machinery, rich beets, and most economical processes beet sugar can be made in this country at a cost of less than 4 cents per pound when the price of rich beets does not exceed \$5 a ton.

According to the report on the manufacture of beet sugar, Twelfth Census of the United States, the average price paid per ton of beets was as follows:

The United States	\$4.39
California	4.47
Michigan	4.33
All other States and Territories	4.26

COST OF FACTORY.

The cost of building a first-class beet-sugar factory is much greater than is commonly supposed. From the most reliable data at hand it may be stated that in Europe the cost of erecting a factory with the most modern machinery, of a capacity of at least 300 tons of beets per day, is about \$200,000. In this country it is probable that, owing to the higher price of labor, the cost of a similar factory would be at least \$250,000.

The following data, from the report on beet-sugar manufacture in the United States, Bulletin 59, Twelfth Census, indicate the amount of capital required in establishing a factory:

Nominal daily factory capacity and capital invested per ton of beets.

States and Territories.	Number of establishments.	Total capacity in tons of beets per day.	Average daily capacity per factory.	Capital invested per ton of daily capacity.				
				Total capital.	Land.	Buildings.	Machinery and tools.	Cash and sundries.
United States	¹ 31	² 19,110	Tons. 616	\$1,097	\$36	\$204	\$754	\$108
California	18	9,900	1,238	1,024	35	185	738	85
Michigan	9	4,100	456	979	35	236	599	129
All other	14	² 5,110	364	1,334	87	224	921	153

¹ Includes one idle establishment.

² Includes one auxiliary factory at which no sugar is manufactured, but juice is extracted from the beets and pumped to a central factory for treatment.

In estimating the capital required in the organization of new companies for the manufacture of beet sugar, an assumed average capital per ton of beets, daily factory capacity, is frequently used as a factor. It is for this reason that these figures are included in the above table.

There are many conditions which modify the average capital invested per ton of nominal capacity. Among these are the following: (1) The cost of a large factory is less per ton of capacity than that of a small one; (2) freight charges for the transportation of machinery vary with the distance of the site of the factory

from the foundry in which the machinery is made; (8) the cost is necessarily greater in the case of those factories which are equipped for the recovery of sugar from molasses, from which no more sugar can be profitably extracted by the process of crystallization; (4) many factories have machinery of relatively small capacity so disposed in a large building as to permit of increasing the capacity of the plant without additional expense for buildings.

The Michigan factories were built within two years and under similar conditions in the iron market; with one exception, they are of American construction.

As has been intimated before, it is not advisable to attempt to manufacture beet sugar with smaller factories or with machinery and appliances which do not represent the latest improvements. It is true that there are many parts of a sugar factory which have not changed much within the last twenty years, but even the multiple-effect apparatus, the strike pans, and the centrifugals, which represent the most stable parts of the machinery, have undergone considerable changes within the time mentioned. Probably one of the greatest dangers which the beet-growing industry in this country will meet is the tendency to begin the erection of a beet-sugar factory with cheap, old, or worn-out apparatus and appliances and without a proper technical study of all the questions involved. The avoidance of this danger is all the more difficult, because there are few engineers in this country who have devoted themselves to the study of this problem, and European experts are not likely to understand and comprehend American methods and measures. Numerous inquiries have been received at this office for directions for making beet sugar with such appliances as a cider mill and sorghum-molasses evaporator might afford. It would not be right to encourage the attempt to manufacture beet sugar in any such way, nor should the expectation be excited among our farmers that they will be able to make a crude article of sugar which they can dispose of to a central factory for refining purposes. It is best to recognize at the very first the great expense which attends the erection of a sugar factory and the necessity for its meeting every modern requirement. Beet growing and beet-sugar manufacture are two distinct industries, but with common aims and interests.

COOPERATIVE FACTORIES.

It is seen from the foregoing paragraph that the farmer can have no reasonable hope of successfully establishing a home beet-sugar factory. It is not just, however, that he should be deprived of any cooperation in the process of manufacture or a reasonable share of the profits arising therefrom. The methods which have been practiced in Europe for securing these results are probably those which will eventually come into use in this country. The cooperative sugar factory, in which the farmers growing the beets hold a part or the majority of the stock, realizes the desired end. The growers of beets holding shares in the factory have a greater interest in its prosperity and try to

grow better crops and to secure in every way a higher yield. The cooperative factory renders impossible those disagreements between capital and agriculture which do so much to retard the progress of the industry and to embitter the feeling of the farmer against the factory. To show the extent of the participation of shareholders in factories in the growing of beets in Germany, it may be stated that of the 11,672,816 metric tons of beets delivered to the German factories in 1895-96, 2,689,004 tons were grown by shareholders. Inasmuch as the farmers in a beet-sugar community are uniformly prosperous, they are able to subscribe for shares in a factory and by a community of interests practically control its operations. The industry of growing beets is not yet sufficiently advanced in the United States to render possible any definite outline of the best plan of securing cooperation between the farmer and the capitalist. At the outset, it would probably be impossible to secure among the farmers alone a sufficient amount of capital to properly equip a factory. Even could this be done, the additional difficulty would be encountered of a lack of experience among the shareholders, leading to poor judgment in regard to the methods of conducting the manufacturing operations. As long as the proprietors of the factory and the farmers growing the beets are satisfied with the contracts which they make, there is no urgent necessity of the establishment of cooperative enterprises. When the number of beet-sugar factories in this country, however, begins to reach the hundreds, favorable opportunities of cooperative establishments will be presented.

STATISTICAL

UNIT OF VALUE

In the data giving the production and consumption of sugar the unit of value commonly employed is the ton. By reason of the fact that the ton in this country expresses a unit of varying magnitude a considerable degree of confusion is often introduced into statistical tables. In the following data, when not otherwise expressed, the term of ton is used as the representative of 2,240 pounds. The short ton, namely, 2,000 pounds, is a more convenient unit of expression, but is not used in the publication of sugar statistical data in this country. The metric ton, which is used on the continent of Europe, is a weight of 1,000 kilograms, equivalent to 2,204.62 pounds.

In the tables which follow some slight differences will be noted in data relating to the same subject. Their differences arise from the impossibility of securing exact statements relating to statistical data. Not having at hand the means of revising the statistical tables, it has been thought best to give the figures of the best authorities without attempting to harmonize them.

PRODUCTION OF BEET SUGAR IN THE UNITED STATES FROM 1830 TO 1901.

The following table, showing the production of beet sugar in the United States from 1830 to the present time, is taken from the Weekly Statistical Sugar Trade Journal for January 7, 1897, and January 5, 1901:

Production by years from 1830 to 1901.

1830.....	A few hundred pounds	1886.....	800 tons
1831-1837.....	None	1887.....	255 tons
1838-1839.....	1,300 pounds	1888.....	1,010 tons
1839-1862.....	None	1889.....	2,600 tons
1863-1871....	300 to 500 tons per annum	1890.....	2,800 tons
1872.....	500 tons	1891.....	5,359 tons
1873.....	700 tons	1892.....	12,091 tons
1874-1877....	Under 100 tons per annum	1893.....	20,453 tons
1878.....	200 tons	1894.....	20,448 tons
1879.....	1,200 tons	1895.....	30,000 tons
1880.....	500 tons	1896.....	40,000 tons
1881-1883.....	Less than 500 tons	1897-1898.....	1 40,399 tons
1883.....	535 tons	1898-1899.....	1 32,471 tons
1884.....	953 tons	1899-1900.....	1 72,944 tons
1885.....	600 tons	1900-1901.....	1 76,859 tons

¹ Tons of 2,240 pounds.

LOCATION OF BEET-SUGAR FACTORIES IN THE UNITED STATES.

The following beet-sugar factories are now (September, 1901) in operation:

Beet-sugar factories of the United States.

[From The Beet Sugar Gazette, Chicago, September, 1901.]

Name.	Location.	Daily capacity.
<i>In operation.</i>		
Eastern:		Tons.
Binghamton Beet Sugar Co.....	Binghamton, N. Y.....	600
Empire State Sugar Co.....	Lyons, N. Y.....	600
Michigan:		
Michigan Sugar Co.....	Bay City, Mich.....	500
Bay City Sugar Co.....	do.....	600
Detroit Sugar Co.....	Rochester, Mich.....	500
Wolverine Sugar Co.....	Benton Harbor, Mich.....	350
Peninsular Sugar Refining Co.....	Caro, Mich.....	600
West Bay City Sugar Co.....	West Bay City, Mich.....	750
Alma Sugar Co.....	Alma, Mich.....	600
Holland Sugar Co.....	Holland, Mich.....	350
Kalamazoo Sugar Co.....	Kalamazoo, Mich.....	500
Marine Sugar Co.....	Marine City, Mich.....	350
Western:		
American Beet Sugar Co.....	Rockyford, Colo.....	1,000
Colorado Sugar Manufacturing Co.....	Grand Junction, Colo.....	350
National Sugar Manufacturing Co.....	Sugar City, Colo.....	500
Ogden Sugar Co.....	Ogden, Utah.....	350
Utah Sugar Co.....	Lehi City, Utah.....	350
Do.....	Springfield, Utah.....	350
American Beet Sugar Co.....	Bingham Junction, Utah.....	350
Do.....	Grand Island, Nebr.....	350
Standard Beet Sugar Co.....	Norfolk, Nebr.....	350
	Leavitt, Nebr.....	500
Middle West:		
Minnesota Sugar Co.....	St. Louis Park, Minn.....	350
Illinois Sugar Refining Co.....	Pekin, Ill.....	700
Continental Sugar Co.....	Fremont, Ohio.....	350

Best-sugar factories of the United States—Continued.

Name.	Location.	Daily capacity.
<i>In operation—Continued.</i>		
<i>Pacific Coast:</i>		<i>Tons.</i>
Oregon Sugar Co.	La Grande, Oreg.	350
Washington State Sugar Co.	Waverly, Wash.	350
Alameda Sugar Co.	Alvarado, Cal.	800
Spreckels Sugar Co.	Watsonville, Cal.	1,000
Los Alamitos Sugar Co.	Los Alamitos, Cal.	700
American Beet Sugar Co.	Chino, Cal.	1,000
California Beet Sugar and Refining Co.	Crockett, Cal.	1,200
Spreckels Sugar Co.	Spreckels, Cal.	2,000
American Beet Sugar Co.	Oxnard, Cal.	2,000
Union Sugar Co.	Betteravia, Cal.	500
<i>Not in operation.</i>		
Peecos Valley Beet Sugar Co.	Carlsbad, N. Mex.	200
<i>Now building for the campaign of 1901.</i>		
Lansing Sugar Co.	Lansing, Mich.	600
Saginaw Sugar Co.	Saginaw, Mich.	600
Western Construction Co.	Loveland, Colo.	1,000
Central Sugar Co.	Shelbyville, Ind.	500
Wisconsin Sugar Co.	Menominee Falls, Wis.	500
German-American Cooperative Beet Sugar Co.	Salzburg, Mich.	400
Logan Sugar Co.	Logan, Utah.	400
<i>Now building for the campaign of 1902.</i>		
Macomb Sugar Co.	Mount Clemens, Mich.	600

WORLD'S SUGAR CROP.

The total sugar crops of the world for the past four years, as given below, are rearranged from Willett & Gray's Weekly Statistical Sugar Trade Journal for August 15, 1901:

The world's sugar crop.

	1900-1901.	1899-1900.	1898-99.	1897-98.
<i>Beet sugar:</i>	<i>Tons.</i>	<i>Tons.</i>	<i>Tons.</i>	<i>Tons.</i>
United States.	76,859	72,944	83,471	40,399
Europe.	6,080,000	5,525,000	4,963,101	4,831,774
Total beet sugar production.	6,096,859	5,597,944	5,014,572	4,872,173
<i>Cane sugar:</i>				
United States—				
Louisiana.	270,000	123,000	245,511	210,447
Porto Rico.	80,000	85,000	53,856	54,000
Hawaiian Islands.	226,000	258,521	252,506	204,833
Cuba, crop.	600,000	308,548	345,261	314,000
British West Indies—				
Trinidad, exports.	50,000	41,000	53,436	53,000
Barbados, exports.	60,000	50,000	45,787	49,835
Jamaica.	30,000	27,000	27,000	30,000
Antigua and St. Kitts.	25,000	18,000	22,000	25,000
French West Indies—				
Martinique, exports.	35,000	30,000	31,639	31,469
Guadeloupe.	35,000	30,000	30,390	37,136
Danish West Indies—St. Croix.	13,000	13,000	13,000	13,000
Haiti and Santo Domingo.	45,000	45,000	50,000	45,000
Lesser Antilles, not named above.	8,000	8,000	8,000	8,000
Mexico, crop.	23,000	78,000	50,000	.....
Central America—				
Guatemala, crop.	9,000	12,000	11,000	9,000
San Salvador, crop.	5,000	5,000	4,500	4,000
Nicaragua, crop.	3,500	4,000	3,750	1,500
Costa Rica, crop.	1,500	1,000	750	500
South America—				
British Guiana (Demerara), exports.	95,000	80,000	82,000	108,000
Dutch Guiana (Surinam), crop.	6,000	6,000	6,000	6,000
Venezuela.	3,000	3,000	.....	.....

The world's sugar crop—Continued.

	1900-1901.	1899-1900.	1898-99.	1897-98.
Cane sugar—Continued				
South America—Continued.	<i>Tons.</i>	<i>Tons.</i>	<i>Tons.</i>	<i>Tons.</i>
Peru, exports	105,000	100,381	61,910	101,577
Argentina, crop	114,252	91,507	72,000	110,000
Brazil, crop	178,000	192,700	154,496	200,478
Total cane sugar in America	2,160,252	1,567,652	1,629,790	1,717,784
Asia—				
British India, exports	15,000	10,000	10,000	20,000
Siam, crop	7,000	7,000	7,000	7,000
Java, crop	710,120	721,998	689,281	581,201
Japan (consumption 170,000 tons, mostly imported)		2,000		
Philippine Islands, exports	30,000	62,785	98,000	178,000
Total cane sugar in Asia	762,120	803,778	799,281	736,201
Australia and Polynesia—				
Queensland	97,650	124,871	164,241	97,916
New South Wales	19,000	15,500	28,000	28,000
Fiji Islands, exports	80,000	31,000	34,000	30,000
Total cane sugar, Australia and Polynesia	149,650	171,371	226,241	155,916
Africa—				
Egypt, crop	95,000	99,000	90,822	80,178
Mauritius and other British possessions	190,000	157,025	186,487	121,693
Réunion and other French possessions	85,000	35,000	37,781	81,483
Total cane-sugar in Africa	370,000	291,025	315,090	233,354
Europe—Spain	33,000	33,215	25,000	23,000
Total cane-sugar production (W. & G.) ..	3,425,022	2,867,041	2,995,872	2,864,255
The world:				
Grand total cane and beet sugar production ..	9,521,881	8,474,985	8,009,944	7,736,428
Estimated increase in the world's production ..	1,046,986			

In the above table is comprised the entire sugar production of all the countries of the world, including those crops which have heretofore been ignored in statistics. These figures include local consumptions of home production wherever known.

PRODUCTION OF BEET SUGAR IN EUROPE FOR FOUR YEARS, 1896-97 TO 1899-1900.

The quantities of sugar produced in Europe for four years, from 1896 to 1900, the last crop partially estimated, are as follows:

Sugar crops of several European countries.

[From Licht's Monthly Circular.]

Country.	1899-1900. Tons of 2,204 pounds.	1898-99. Tons of 2,204 pounds.	1897-98. Tons of 2,204 pounds.	1896-97. Tons of 2,204 pounds.
Germany	1,798,681	1,721,718	1,852,857	1,836,536
Austria	1,108,007	1,051,290	831,697	924,007
France	977,850	830,132	821,226	752,081
Russia	910,000	778,066	738,715	728,667
Belgium	304,000	244,017	265,397	288,009
Holland	171,029	149,763	125,658	174,206
Other countries	253,929	209,115	196,245	202,990
Total for Europe	5,523,446	4,982,101	4,831,774	4,916,496

NUMBER OF FACTORIES, YIELD OF BEETS PER ACRE, AND YIELD OF SUGAR IN THE PRINCIPAL BEET-SUGAR COUNTRIES OF EUROPE.

Germany.—Number of factories in operation during 1895-96, 897; quantity of beets used, 11,672,816 tons; hectares cultivated, 376,669 (acres, 930,872); mean yield per hectare, 81,000 kilos (pounds per acre, 27,669); mean price of beets per

metric ton, 17.70 marks (equal to \$4.64 per ton of 2,000 pounds); yield of raw sugar (92 per cent) on weight of beets, 18.11 per cent; average output of sugar per factory, 4,068 metric tons.

France.—Number of factories in operation during 1895-96, 856; quantity of beets used, 5,411,484 metric tons; yield of refined sugar on weight of beets, 10.97 per cent; hectares under cultivation, 204,715 (405,853 acres); yield of beets in metric tons per acre, nearly 10.5; average output of sugar per factory, 1,876 tons.

Austria-Hungary.—Number of factories in operation in 1895-96, 215; quantity of beets used, 5,760,000 metric tons; yield of raw sugar (92 per cent) on weight of beets, 18.5 per cent; average output of sugar for each factory, 8,668 tons.

Russia.—Number of factories in operation during 1895-96, 277; quantity of beets used, 5,811,888 metric tons; per cent of sugar in beets, 15.71; average output of sugar for each factory, 2,828 tons.

CONSUMPTION OF SUGAR IN THE UNITED STATES.

The first of the following tables shows the consumption of sugar in the United States for each of the years 1900, 1899, and 1898, with a detailed statement of the origin of the sugar consumed, and the second is a statement of the consumption in the United States from 1881 to 1900, inclusive. The tables are taken from the Weekly Statistical Sugar Trade Journal of January 3, 1901.

Consumption of sugar in the United States during the years 1898, 1899, and 1900.

[Tons of 2,240 pounds.]

Source of sugar supply.	1900.	1899.	1898.
Meltings of the four ports.....	1,705,000	1,681,000	1,502,000
Of which were domestic from Louisiana crop.....	3,482	20,820	6,443
Meltings of foreign sugar through New Orleans.....	1,702,518	1,660,180	1,495,557
Foreign refined through Galveston.....	131,309	72,065	9,431
	67		23
Total.....	1,833,827	1,732,313	1,505,011
Export of raw sugar from Atlantic ports.....	45	1,818	1,450
Export of refined sugar from Atlantic ports.....	6,042	14,984	4,128
Total exports to be deducted.....	6,087	16,802	5,643
Consumption of foreign sugar through Atlantic ports.....	1,827,740	1,715,511	1,490,289
Consumption of foreign sugar through San Francisco.....	133,274	124,181	139,696
Total consumption of foreign sugar.....	1,960,014	1,839,692	1,629,985
Louisiana crop consumed during the year.....	168,000	155,000	245,612
Texas crop consumed during the year.....	6,450	5,400	7,200
United States beet sugar consumed during the year.....	82,736	62,836	24,423
United States maple sugar consumed during the year.....	5,000	5,000	5,000
Molasses sugar made in United States from foreign molasses.....	7,647	5,200	1,700
Total consumption of domestic sugar.....	269,833	233,426	283,935
Grand total.....	2,229,847	2,073,068	1,913,920
Add undistributed refined brought over from previous years.....	20,000	25,000	25,000
Deduct undistributed refined carried over to next year.....	2,249,847	2,098,068	2,027,920
	20,000	20,000	25,000
Total consumption of all sugar, in tons of 2,240 pounds..	2,319,847	2,073,068	2,027,920

Consumption per capita is 66.6 pounds in 1900, 61 pounds in 1899, 60.3 pounds in 1898, 63.7 pounds in 1897, 60.9 pounds in 1896, 64.23 pounds in 1895, 66.64 pounds in 1894, 63.63 pounds in 1893, 63.76 pounds in 1892, 67.46 pounds in 1891, 54.56 pounds in 1890, 52.64 pounds in 1889, 54.23 pounds in 1888, 63.11 pounds in 1887, 52.55 pounds in 1886, 49.95 pounds in 1885, and 51 pounds in 1884.

Consumption of sugar in the United States during the years 1881 to 1900, inclusive.

Year.	Total consumption of United States.	Increase (+) or decrease (-).	Year.	Total consumption of United States.	Increase (+) or decrease (-).
	<i>Tons.</i>	<i>Per cent.</i>		<i>Tons.</i>	<i>Per cent.</i>
1900.....	2,219,847	+ 6.82	1890.....	1,522,731	+ 5.80
1899.....	2,078,068	+ 3.75	1889.....	1,439,701	- 1.21
1898.....	2,047,444	- 1.16	1888.....	1,457,364	+ 4.62
1897.....	2,071,418	+ 6.90	1887.....	1,392,909	+ 2.73
1896.....	1,940,086	+ 0.53	1886.....	1,355,809	+ 8.11
1895.....	1,949,744	- 3.27	1885.....	1,254,116	+ 0.14
1894.....	2,012,714	+ 5.08	1884.....	1,252,368	+ 7.0
1893.....	1,905,862	+ 2.83	1883.....	1,170,375	+10.3
1892.....	1,853,370	- 1.102	1882.....	1,061,220	+ 6.8
1891.....	1,872,400	+22.96	1881.....	993,538	.....

Increase for nineteen years, 123.43 per cent, or 6.84 per cent per annum.

CONSUMPTION OF SUGAR PER HEAD.

The following tables, taken from the Weekly Statistical Sugar Trade Journal, shows the consumption of sugar in pounds per head for all the countries of Europe and for the United States for four years from 1891-92 to 1894-95:

Consumption of sugar for the United States and all the countries of Europe for 1891-92 to 1894-95.

Country.	Population 1895.	1894-95.	1893-94.	1892-93.	1891-92.
		<i>Lbs.</i>	<i>Lbs.</i>	<i>Lbs.</i>	<i>Lbs.</i>
Germany.....	51,650,000	23.73	23.71	22.90	23.56
Austria.....	45,455,000	19.81	16.87	17.30	16.05
France.....	38,800,000	30.61	27.80	27.80	30.46
Russia.....	100,239,000	10.94	11.03	10.94	10.34
Holland.....	4,732,000	31.30	25.55	22.90	26.88
Belgium.....	6,325,000	22.50	21.73	21.09	21.29
Denmark.....	2,300,000	45.41	42.96	43.53	43.63
Sweden and Norway.....	6,573,000	24.96	24.82	23.64	24.14
Italy.....	30,724,000	6.65	7.07	7.00	7.18
Roumania.....	5,800,000	4.03	4.07	4.53	3.90
Spain.....	17,650,000	13.68	12.47	12.38	11.06
Portugal and Madeira.....	5,082,000	12.92	13.09	12.51	12.43
England.....	38,927,000	36.09	34.78	37.40	30.73
Bulgaria.....	3,310,000	8.88	7.14	6.07	5.16
Greece.....	2,235,000	6.26	7.29	7.38	8.63
Servia.....	2,256,000	4.01	4.25	4.22	3.81
Turkey.....	21,983,000	7.65	7.25	7.64	9.30
Switzerland.....	2,805,000	44.66	42.30	31.62	31.30
Europe.....	395,177,000	25.64	23.25	22.03	22.64
United States.....	69,753,000	62.60	66.64	63.53	63.76
Total.....	454,930,000	31.07	29.33	23.30	29.00

We give below figures showing the consumption of sugar per capita in the various countries of Europe and in the United States:

Consumption of sugar per capita, 1899-1900.

Country.	Population, 1900.	Consumption per capita, 1899-1900.
Germany	55,335,000	33.9
Austria	40,335,000	17.6
France	38,505,000	35.9
Russia	107,000,000	14.0
Holland	5,075,000	32.4
Belgium	6,370,000	23.3
Denmark	2,364,000	54.8
Sweden and Norway	7,175,000	33.2
Italy	31,865,000	6.1
Roumania	5,612,000	7.8
Spain	12,200,000	10.6
Portugal and Madeira	5,110,000	14.7
England	40,708,000	91.6
Bulgaria	8,316,000	7.7
Greece	2,465,000	7.2
Servia	3,413,000	5.2
Turkey	24,515,000	8.0
Switzerland	3,145,000	63.3
All Europe (Licht)	401,350,000	27.1
United States of America (W. & G.)	74,627,907	66.6

EXHIBIT M.

(See page 488.)

[Census Bulletin No. 59. March 7, 1901.]

MANUFACTURE OF BEET SUGAR.

Hon. WILLIAM R. MERRIAM,
Director of the Census.

SIR: I transmit herewith a report on the manufacture of beet sugar in the United States, prepared under my direction by Dr. Guilford L. Spencer, of the Department of Agriculture, while acting in the capacity of expert special agent for the division of manufactures of the Census Office.

In the preparation of this report, Dr. Spencer personally visited every beet sugar factory in operation in the United States, and his report is an admirable statement of the development and present condition of this new industry. In view of the great interest in the subject of the manufacture of sugar from the beet, Dr. Spencer was instructed to prepare a report more in detail than usual.

From this report, it appears that there were 31 beet sugar factories in the United States in the census year, distributed among 10 States and 1 Territory, representing an invested capital of \$20,958,519, and producing 71,427 long tons of beet sugar, valued at \$7,323,857. This is a small product, in view of the amount of capital invested, due largely to the fact that the census year was a disastrous one for the beet sugar crop.

The existence of 37 factories is reported at the close of the census year, having a nominal daily capacity of 22,310 short tons of beets, and capable of manufacturing 240,000 short tons of sugar annually.

The decade ending with the Twelfth Census covers the period of greatest activity in this industry, and may almost be said to have witnessed its birth as a successful manufacturing enterprise.

As the result of his investigations, the special agent reports that the beet sugar manufacture may now be regarded as a commercial success in the United States.

Very respectfully,

S. N. D. NORTH,
Chief Statistician for Manufacturers.

MANUFACTURE OF BEET SUGAR.

By GUILFORD L. SPENCER, *Expert Special Agent.*

Reports were received from 30 establishments engaged in the manufacture of beet sugar during the census year ending May 31, 1900, and also from 1 factory equipped for the industry, which was idle. While these factories are distributed in 10 states and 1 territory, it is impossible to publish separate totals, except for the states of California and Michigan, without disclosing the operations of individual establishments.

TABLE 1.—*Beet sugar industry.*

States and Territories.	Number of establishments.	Capital invested.	Number of salaried officers.	Salaries paid.	Number of superintendents, managers, clerks, and salesmen.	Salaries paid.
The United States.....	181	\$20,958,519	48	\$114,300	302	\$342,575
California.....	18	10,139,780	11	89,900	111	77,980
Michigan.....	9	4,013,743	20	33,400	98	68,298
All other.....	14	6,804,996	17	41,000	93	96,102

States and Territories.	Average number of wage-earners.	Wages paid.	Miscellaneous expenses.	Cost of materials used.	Value of products at works.
The United States.....	1,970	\$1,092,207	\$451,351	\$4,808,796	\$7,323,857
California.....	909	480,072	169,449	2,243,580	3,499,996
Michigan.....	473	216,704	77,262	1,109,903	1,602,266
All other.....	588	895,431	204,640	1,455,313	2,221,595

¹ Includes one idle establishment.

The total of "all other" States and Territories, shown in this and subsequent tables, includes establishments distributed as follows: Colorado, 1; Illinois, 1; Minnesota, 1; Nebraska, 3; New Mexico, 1; New York, 2; Oregon, 1; Utah, 3; Washington, 1. The statistics for these factories are grouped in order to avoid disclosing the operations of individual factories.

Of the 31 factories, 29 were controlled by incorporated companies, and 2 by individuals.

TABLE 2.—*Capital invested.*

States and Territories.	Total.	Land.	Buildings.	Machinery, tools, and implements.	Cash and sundries.
The United States.....	\$20,958,519	\$682,705	\$3,891,371	\$14,420,325	\$1,964,118
California.....	10,139,780	849,989	1,825,158	7,309,447	655,211
Michigan.....	4,013,743	143,036	925,980	2,414,849	530,378
All other.....	6,804,996	189,700	1,140,233	4,696,329	778,529

¹ Includes one idle establishment.

The total capital invested in beet sugar manufacture in 1899, the year's work reported in the present bulletin, was \$20,958,519, of which \$682,705 is reported for land, \$3,891,371 for buildings, \$14,420,325 for machinery, and \$1,964,118 for cash on hand, bills receivable, unsettled ledger accounts, raw materials, stock in process of manufacture, finished products on hand, and other sundries. The item "land" is not intended to include farm lands, but in view of the considerable area required by the factories for storage, disposal of waste water, etc., and to provide for the future growth of the establishments, it has not been practicable to eliminate a small area now utilized for agricultural purposes. In many instances large tracts of land are owned by the companies and devoted to agriculture.

At the census of 1890 reports were received from only 2 beet sugar factories, and therefore, to avoid disclosing the operations of individual establishments, the statistics for the industry were not separately reported, but the value of the product is estimated by the writer to have been \$340,000. No estimate of the capital invested can be made.

In 1879 4 factories were in operation and were reported in the Tenth Census. The total capital invested was \$365,000, and the value of the products was \$282,572.¹ Few single factories reported in the Twelfth Census have so small an investment as the combined capital of the 4 in operation in 1879.

TABLE 3.—Nominal daily factory capacity, and capital invested per ton of beets.

States and Territories.	Number of establishments.	Total capacity in tons of beets per day.	Average daily capacity per factory.	Capital invested per ton of daily capacity.				
				Total capital.	Land.	Buildings.	Machinery and tools.	Cash and sundries.
United States	181	Tons. 19,110	Tons. 616	\$1,097	\$36	\$204	\$754	\$103
California.....	18	9,900	1,238	1,024	35	185	738	66
Michigan.....	9	4,100	456	979	35	226	589	129
All other.....	14	5,110	364	1,334	37	224	921	152

¹ Includes one idle establishment.

² Includes one auxiliary factory at which no sugar is manufactured, but juice is extracted from the beets and pumped to a central factory for treatment.

In estimating the capital required in the organization of new companies for the manufacture of beet sugar, an assumed average capital per ton of beets, daily factory capacity, is frequently used as a factor. It is for this reason that these figures are included in Table 3.

There are many conditions which modify the average capital invested per ton of nominal capacity. Among these are the following: (1) the cost of a large factory is less per ton of capacity than that of a small one; (2) freight charges for the transportation of machinery vary with the distance of the site of the factory from the foundry in which the machinery is made; (3) the cost is necessarily greater in the case of those factories which are equipped for the recovery of sugar from molasses, from which no more sugar can be profitably extracted by the process of crystallization; (4) many factories have machinery of relatively small capacity so disposed in a large building as to permit of increasing the capacity of the plant without additional expense for buildings.

The Michigan factories were built within two years and under similar conditions in the iron market; with one exception, they are of American construction.

¹ See Tenth Census, Manufactures, pp. 94, 101, 127.

TABLE 4.—*Number and nominal daily capacity of establishments in 1900, 1899, and 1898.*

States and Territories.	1900.		1899.		1898.	
	Number of establishments.	Nominal daily capacity in tons of beets.	Number of establishments.	Nominal daily capacity in tons of beets.	Number of establishments.	Nominal daily capacity in tons of beets.
The United States.....	187	22,810	281	19,110	15	7,508
California.....	8	9,900	8	9,900	5	4,400
Colorado.....	3	1,850	1	850	.....	.....
Illinois.....	1	700	1	700	.....	.....
Michigan.....	10	4,450	9	4,100	1	400
Minnesota.....	1	400	1	400	1	400
Nebraska.....	3	1,280	3	1,280	2	680
New Mexico.....	1	200	1	200	1	200
New York.....	3	1,000	2	400	2	400
Ohio.....	1	400	.....	.....	.....	.....
Oregon.....	1	350	1	350	1	350
Utah.....	4	1,450	3	1,100	2	750
Washington.....	1	350	1	350	.....	.....

¹ Includes two idle establishments.

² Includes one idle establishment.

³ Includes two auxiliary factories.

⁴ Includes one auxiliary factory at which no sugar is manufactured, but juice is extracted from the beets and pumped to a central factory for treatment.

TABLE 5.—*Employees and wages.*

States and Territories.	Number of salaried officers.	Salaries paid.	Number of superintendents, managers, clerks, and salesmen.			
			Men.	Salaries paid.	Women.	Salaries paid.
The United States.....	48	\$114,800	287	\$235,657	15	\$6,718
California.....	11	39,900	107	75,687	4	2,343
Michigan.....	20	33,400	90	65,706	8	2,587
All other.....	17	41,000	90	94,814	3	1,788

States and Territories.	Average number of wage earners and total wages paid.					
	Men, 16 years and over.	Wages paid.	Women, 16 years and over.	Wages paid.	Children, under 16 years.	Wages paid.
The United States.....	1,951	\$1,085,218	4	\$1,685	15	\$5,304
California.....	908	477,806	3	1,565	3	1,321
Michigan.....	471	215,584	1	120	1	750
All other.....	577	392,078	.....	.....	11	3,233

In beet-sugar factories the length of the manufacturing year is dependent upon agricultural conditions. The factories are operated only a part of the calendar year, but after the close of the manufacturing season, many of the employees, especially foremen and skilled laborers, are engaged for a few months in making repairs and improvements. The majority return to work on farms or in other industries. The manufacture begins at a time when there is comparatively little demand for farm labor, except in harvesting sugar beets, and thus, in a measure, it fills out the year for the farm laborer. When comparing the average earnings with the averages reported for other industries, these facts should be considered.

TABLE 6.—*Cost of materials used.*

States and Territories.	Total.	Sugar beets.	Fuel.	Mill supplies.	Freight paid.	All other materials.
The United States	\$4,803,796	\$3,485,320	\$453,086	\$18,938	\$369,070	¹ \$477,437
California.....	2,243,580	1,585,953	253,185	10,011	205,286	189,115
Michigan.....	1,109,903	902,592	90,969	2,840	26,839	86,663
All other.....	1,450,313	996,775	108,882	6,082	136,945	201,629

¹ Includes \$51,000, cost of sugar beet juice.

The small value of the products, \$7,323,857, is due to an enormous shortage in the crop of sugar beets for the year ending May 31, 1900. In all branches of sugar manufacture the years of plentiful harvests must carry the industry over the years of failure, and yield a return that will make the average earnings justify the investments.

Of the 16 new factories, 15 of which were operated for the first time in 1899, several were not completed when the harvest was ready, and in some instances there were serious losses from deterioration of the beets. As a whole, there was an apparent small profit earned by the factories, in certain cases handsome dividends were paid, in others there were heavy losses, and in many instances the factories little more than paid expenses.

In addition to the factories operated in the census year, 6, including 1 auxiliary factory at which beet juice was extracted but no sugar manufactured, were under construction for the crop of 1900. A report of these new factories not being required, the figures given are only approximate. The capital invested in new factories is \$3,800,000, making a total of \$24,758,519 for the new industry in the year 1900.

Of the 30 factories in operation during the census year, 10 reported the total value of their products for the preceding business year as aggregating \$1,838,681. The same factories reported a product valued at \$2,426,522 for the census year.

The acreage actually contracted for in 1899 was 135,305, as shown in table 7. Because of the shortage of the crop in various parts of the country, particularly in California, beets were actually harvested from but 105,175 acres, and the average yield from this land, 8 tons (of 2,000 pounds) per acre, was very unsatisfactory. The average yield of beets for Germany¹ for the crops of 1896-97, 1897-98, and 1898-99, respectively, was 14, 14, and 13 tons per acre.

The acreage seeded for the crop of 1900, including that for 6 new factories having a total nominal daily capacity of 3,200 tons of beets, was only 123,400, whereas approximately 200,000 acres would have been required fully to supply the demand of the 36 factories in operation during that year.

TABLE 7.—*Acreage in beets, and quantities and cost of beets used, by States.*

States and Territories.	Total.			Beets grown by factory proprietors.		
	Acres in beets.	Tons of beets (2,000 pounds).	Cost.	Acres in beets.	Tons of beets (2,000 pounds).	Cost.
The United States	135,305	794,658	\$3,485,320	10,239	23,241	\$93,898
California.....	63,878	354,942	1,585,953	7,526	10,645	42,718
Michigan.....	37,034	205,925	902,592	28	218	511
All other.....	34,393	233,791	996,775	2,685	12,378	50,669

TABLE 7.—*Acreage in beets, and quantities and cost of beets used, by States—Continued.*

States and Territories.	Beets grown by tenants of factory proprietors.			Beets grown by contract by others than tenants of factory proprietors.			Average quality of beets.	
	Acres in beets.	Tons of beets (2,000 pounds).	Cost.	Acres in beets.	Tons of beets (2,000 pounds).	Cost.	Per cent of sucrose.	Coefficient of purity.
The United States.	18, 074	95, 071	\$430, 479	111, 992	676, 344	\$2, 960, 943	14. 5	81. 2
California.....	12, 762	93, 294	422, 704	43, 590	251, 003	1, 120, 537	15. 9	81. 2
Michigan.....				37, 006	205, 706	902, 061	13. 3	82. 9
All other.....	312	1, 777	7, 775	81, 396	219, 635	938, 325	18. 6	79. 7

The average price paid per ton of 2,000 pounds of beets was as follows:

The United States.....	\$4. 39
California.....	\$4. 47
Michigan.....	4. 38
All other States and Territories.....	4. 26

In California 4 factories purchased beets at a fixed price, and 4 paid a price depending upon the results of the analysis. In Michigan 9 factories purchased on a basis of the analysis, paying \$4 per ton for beets containing 12 per cent of sugar, with 3½ cents increase for each one-tenth per cent above 12, and a corresponding decrease for each one-tenth per cent below 12, as provided by the State bounty law, recently declared unconstitutional.

Of the factories in other parts of the United States, 8 purchased on a basis of the analysis of the beets, and 6 paid a fixed price. The New York factories paid \$5 per ton of beets, irrespective of their sugar contents, in accordance with the State bounty law.

TABLE 8.—*Quantities of materials used.*

States and Territories.	Sugar beets.	Lime-stone.	Coke.	Sul-phur.	Barrels.	Sacks.	Fuel.		
							Coal.	Oil.	Wood.
The United States	¹ Tons. 794, 658	¹ Tons. 64, 805	¹ Tons. 7, 519	¹ Tons. 149	90, 985	1, 342, 649	Tons. 109, 235	Gallons. 7, 017, 079	Cords. 3, 459
California	854, 942	82, 403	8, 274	51	1, 301	891, 924	8, 558	7, 004, 415	.....
Michigan.....	205, 925	15, 403	2, 079	40	79, 468	76, 796	47, 979	.....	.....
All other	233, 791	16, 999	2, 166	58	10, 216	373, 929	52, 698	12, 664	3, 459

¹ Tons of 2,000 pounds each.

It is customary in compiling sugar statistics to report the miscellaneous materials used in percentage terms of the weight of beets worked, or the cost of such materials is reduced to a basis of one ton of raw material. The general totals furnished in reply to the census inquiries can not be used for the purpose of making such calculations.

It is apparent, however, from a study of the schedules, that the fuel consumption was large. Owing to the use of other fuels than coal in a number of factories, the consumption of coal per 100 pounds of beets can be figured only for Michigan factories, where it was 23 pounds. This proportion is nearly one and one-half times as great as in good European practice. In considering these figures, however, it should be noted that 8 of the 9 factories in Michigan were operated for the

first time during the season of 1899-1900 and that there was doubtless a large coal consumption in testing plants, and during delays incident to adjusting new machinery. It should be stated further that the grade of coal used by these factories was inferior to that with which the European records have been made. The average cost of coal at the factories in Michigan was \$1.90 per ton, or an average expense of 44 cents per ton of beets worked. Several of the Michigan factories used less than 16 pounds of coal per 100 pounds of beets.

The nominal horsepower of the boilers in American beet sugar factories is approximately 58,000.

TABLE 9.—Quantities and values of products.

States and Territories.	Total value of all products.	Sugars.					
		Total.		Granulated.		Raw.	
		Pounds.	Value.	Pounds.	Value.	Pounds.	Value.
The United States	\$7,323,857	163,458,075	\$7,222,581	115,686,356	\$5,580,527	47,771,719	\$1,642,054
California	3,499,996	86,741,713	3,490,818	48,839,911	2,049,726	42,901,802	1,440,592
Michigan	1,602,266	33,708,283	1,600,284	32,737,098	1,561,100	971,185	39,184
All other	2,221,595	43,008,079	2,131,979	39,109,347	1,969,701	3,898,732	162,278

States and Territories.	Molasses.		Beet pulp.	Juice.	Lime.	Fertilizers.
	Gallons.	Value.	Value.	Value.	Value.	Value.
The United States	13,551,856	\$25,102	\$21,822	\$51,000	\$642	\$2,710
California	1,708,501		6,968			2,710
Michigan	321,100	1,225	241		516	
All other	1,522,255	23,877	14,613	51,000	126	

¹ Includes quantities for which no value could be given, also wastage.

Deducting the raw sugar reported to be melted in the crop of 1900 (3,462,700 pounds) from the total amount of raw sugar manufactured (47,771,719 pounds), there remain 44,309,019 pounds, which may be properly credited as this year's output of raw sugar, and the total output of granulated and raw sugar is therefore 159,995,375 pounds, or 71,427 tons of 2,240 pounds. White granulated sugar formed 72 per cent of the total quantity of sugar manufactured, and raw sugar for refining, 28 per cent.

A quantity of raw sugar or low grade massecuite is carried forward each year by most of the factories, which renders it impracticable to ascertain the exact quantity of sugar manufactured from the beets grown in any one year. Assuming that the factories operated in 1898 carried forward to the next crop relatively the same quantity of sugar as in 1899, and deducting this amount and crediting the sugar carried forward in 1899 to the crop of that year, we obtain a total of 161,474,100 pounds, or 203 pounds of sugar per ton of beets, or 10 pounds of sugar per 100 pounds of beets, as the yield from beets grown in the census year. In view of the high average percentage of sugar in the beets, as shown in table 7, page 4, this yield is disappointing. It is probably in a measure due to the deterioration of beets at new factories not fully prepared for work when the roots were harvested. Such deterioration was reported at several factories.

¹ "Zeitschrift des Vereins für die Rübenzucker-Industrie des Deutschen Reichs." Supplement to the number for March, 1900.

Molasses.—The statistics of the quantity and value of the molasses product shown in table 9 are misleading, since large quantities were reported for which no value could be assigned, and large quantities ran to waste. The value reported, \$25,102, represents only the portion sold, or for which there was an assured market.

Beet juice.—The beet juice reported was the product of an auxiliary plant and was pumped to the central factory

Beet pulp, lime, and fertilizers.—Beet pulp is a very valuable by-product in European beet sugar manufacture, and finds a ready market. At most of the American factories the demand for pulp is small, this by-product being frequently given to the farmers in consideration of its removal. The value of the pulp sold was \$21,822. No figures could be obtained showing the quantity of pulp produced. Based on the usual yield of pressed pulp, the total product amounted to approximately 400,000 tons.

Small quantities of lime and lime-cake or filter press-cake were sold, the latter for use as a fertilizer. The value of the lime sold was \$642, and of the lime-cake or fertilizer, \$2,710.

For purposes of comparison the beet sugar production of Europe and the United States is given in table 10.

TABLE 10.—*Beet sugar manufactured on the Continent of Europe and in the United States for the years 1897-98 to 1899-1900.*

[From Licht's Monthly Circular.]

	1899-1900. Tons of 2,204 pounds.	1898-99. Tons of 2,204 pounds.	1897-98. Tons of 2,204 pounds.
Germany	1,798,631	1,721,718	1,852,857
Austria	1,108,007	1,051,290	831,667
France	977,850	830,132	821,255
Russia	910,000	776,066	738,715
Belgium	304,000	244,017	265,397
Holland	171,029	149,763	125,638
Other countries	253,929	209,115	196,245
Total for Europe	5,523,446	4,982,101	4,831,774
The United States	171,427	232,471	140,399

¹In tons of 2,240 pounds, deducting raw sugar carried over to 1900.

²Willett & Gray's Weekly Statistical Sugar Trade Journal, in tons of 2,204 pounds.

Historical.¹—Until 1879 the history of the American beet sugar industry is a record of a series of failures.

The first experiments were made in 1830. There is no record of the quantity of sugar manufactured.

The history of the next experiments is also brief. David Lee Child in 1838-39 conducted small works at Northampton, Mass., and made 1,300 pounds of sugar, then discontinued the manufacture.

There is no record of further attempts until 1863, and from that time until 1876 a number of failures occurred in California, Illinois, and Wisconsin.

The first factory in California was erected in 1870, at Alvarado, the site of the first successful factory in the United States.

These works were operated until 1873, when it was proposed to

¹Compiled largely from reports of William McMurtrie [In U. S. Dept. of Agriculture, Special Report No. 28 (1880), Appendix B] and H. W. Wiley [In U. S. Dept. of Agriculture, Division of Chemistry, Bulletin No. 27 (1890)].

remove them to another location. A new company was organized, which purchased the Alvarado machinery and removed it to Soquel, Santa Cruz County. E. H. Dyer, a stockholder of the Alvarado Company, purchased the buildings, and in the face of many difficulties organized a company and installed new machinery. After a short time this company was reincorporated with larger capital, and operated the works until 1889 with varying success. The operations were hampered by imperfect and antiquated machinery, and these conditions, combined with lower prices of sugar, compelled another reorganization. In 1899 the property passed into the hands of the Alameda Sugar Company under the management of E. C. Burr, an experienced sugar refiner, who has rebuilt the factory and has continued the manufacture with marked success.

The factory at Soquel, Cal., was in operation in 1879 and reported in the Tenth Census. It was operated at a loss for several years, and was abandoned about 1880.

The history of the manufacture at Alvarado is of great interest, since the success of these works, and the practical demonstration of the fact that suitable beets could be grown, led to the establishment of other factories, and were undoubtedly important factors in the development of the beet sugar industry.

In 1879, 4 factories were in operation, 2 in California, 1 in Maine, and 1 in Delaware. The statistics of these factories, as published in the Tenth Census, are shown in table 11.

TABLE 11.—*Statistics of beet-sugar factories in 1879, by States, census of 1880.*¹

States and Territories.	Number of establishments.	Capital invested.	Average number of wage-earners. ²	Wages paid.	Cost of materials used.	Value of products.
The United States	4	\$365, 000	850	\$62, 271	\$186, 128	\$282, 572
California.....	2	215, 000	150	89, 131	104, 724	162, 988
Delaware.....	1	100, 000	50	8, 140	6, 404	8, 584
Maine.....	1	50, 000	150	20, 000	75, 000	111, 000

¹ Data from Tenth Census, Manufactures, pp. 94, 101, and 127.

² Men, 16 years and over.

Of these factories 3 apparently yielded a small profit to their owners, but the history of the industry shows that, except 1 factory in California, at Alvarado, all were failures. The Alvarado factory, in fact, would possibly have followed the fate of the others, on account of its small capacity and antiquated machinery, had not additional capital been obtained. As already stated, the Alvarado Company was reorganized in 1889 upon a good financial basis and is still a prosperous establishment.

The favorable results obtained in the factory at Alvarado and the building of a factory at Watsonville, Cal., by Claus Spreckels, gave a new impetus to the sugar industry. Since then 35 factories have been built, or are building, in 11 States and 1 Territory.

The Oxnard Brothers have been active in the development of the beet sugar industry, and through their influence several large factories have been constructed.

The historic Alvarado factory¹ as it appeared in 1885 is shown in

¹ From U. S. Dept. of Agriculture, Division of Chemistry, Bulletin No. 5, (1885).

Figure 1. At this time it had antiquated machinery of sufficient capacity to work approximately 125 tons of beets per day. The present Alvarado factory, owned by the Alameda Sugar Company, and equipped with modern American machinery, is shown in Figure 2.

Beet sugar was not reported separately in the census of 1890, as only 2 factories were in operation. These factories were both located in California, and are still operated upon a largely increased scale. One of these factories a few years ago manufactured nearly 20,000 tons of sugar in a single season.

The quantity of beet sugar manufactured in 1889 was not separately tabulated in the report of the Eleventh Census. The quantity reported by the factories to the California State board of agriculture was 2,457 tons of 2,000 pounds, a large part of which was raw sugar. The total value of the product probably did not exceed \$275,000. The average price paid for sugar beets was approximately \$5 per ton. The total output of beet sugar in 1889 was less than 2 per cent of the total cane and beet sugar of domestic manufacture.

In 1897 the number of factories had increased to 9, with a total of 45,246 short tons¹ of sugar manufactured, or approximately 12 per cent of the total cane and beet sugar of domestic manufacture.

In 1899, as shown by the census statistics in this report, the number of factories operated was 30, with an output of 79,998 short tons of sugar, excluding 1,731 short tons of raw sugar melted in 1900, equivalent to the quantity melted in 1899 from the product of 1898. The total quantity of cane and beet sugar of domestic manufacture, as reported in Willett & Gray's Circular in 1899, was 229,537 short tons, showing that the production of beet sugar was then approximately 35 per cent of the total sugar produced in the country from sugar cane and beets.

The cane crop of 1899 was fully 100,000 tons below the average, but the beet crop was not over 50 per cent of what would reasonably be expected from the acreage seeded, hence the comparison is a just one.

The American beet sugar factories now have a nominal daily capacity of 22,310 short tons of beets, and, when fully supplied with the raw material, should easily manufacture 240,000 short tons of sugar per annum.

From this brief historical sketch it is apparent that the period for which the statistics were gathered by the Census Office was one of the greatest activity in our best sugar industry. This fact has largely influenced the writer in devoting to the details of advancement more space than a strictly statistical report would require.

It should be stated that this period of great activity began in 1896, since when 35 factories have been built, including 6 new ones for the crop of 1900. Of these 35 factories, 2 have failed. One, located at Menomonee Falls, Wis., was not completed in time for the crop, and tests of machinery showed it to be practically a failure. This factory has never been operated and is not included in the statistics in this report. The second failure was that of the factory at Rome, N. Y. This factory was operated during three seasons, but was of small capacity and capital, and was not prepared to meet the sharp competition of other factories in the purchase of beets.

¹ U. S. Dept. of Agriculture. Special Report on the Beet-Sugar Industry in the United States. (1898.) p. 160.

Federal and State aid.—The bounty paid under the provisions of the tariff act of 1890 proved a powerful stimulus to investments in beet sugar manufacture. Under this act domestic producers were paid a direct bounty for each pound of beet sugar manufactured. Since the repeal of this act, a protective tariff has favored the domestic manufacture of beet sugar.

Congress has for several years made appropriations to enable the Department of Agriculture to conduct investigations relative to the industry, and has also made provision for admitting beet sugar machinery of foreign manufacture free of duty.

The Secretary of Agriculture has vigorously prosecuted the investigations entrusted to his Department. Printed information and beet seeds have been liberally distributed among farmers, and prospective investors have been accorded by the Department every facility to aid them in deciding upon locations for factories. The present Secretary, Hon. James Wilson, has been especially active in his efforts in behalf of the industry, and has done much toward the definition of those areas best suited to beet culture.

Several States have extended aid in the form of direct bounties, and have expended large sums for this purpose. The experience of the past few years as regards bounties has not always, however, been such as to encourage investments. Several State legislatures have repealed the bounty laws passed by their predecessors, and have even refused the payment of bounty already earned. The supreme court of Michigan has declared the bounty act of that State unconstitutional.

Local aid has been extended in a number of instances in the form of factory sites and exemption from taxation for a term of years.

Progress in machinery and methods.—The greatest advances in the past decade, in machinery, have been in the line of improvements rather than of new inventions.

There has been a marked improvement in labor-saving machinery, but perhaps the most notable advances have been in the convenient distribution of machinery and in the use of special devices in the transportation and handling of the raw materials, products, and by-products.

The climatic and labor conditions which obtain in localities in the United States suitable for the cultivation of the sugar beet and for the manufacture of beet sugar, have resulted in the development of mechanical devices which are used but little abroad. A person familiar with European machinery and factory construction, on inspecting the better class of establishments embodying American ideas and of American construction, will at once notice the simplicity of arrangement and the graceful yet substantial design of the machinery.

Since the beet sugar industry originated in Europe, and has there attained its greatest development, it is natural that we should have derived our processes of manufacture and the designs of much of our machinery from European sources.

Our builders have, in many instances, improved upon the foreign construction and have produced machinery better adapted to American labor and climatic conditions.

Owing to the close study of foreign methods by our American builders and manufacturers, and to the considerable number of factory employees of foreign birth, it is impracticable in this review to confine these remarks to progress in machinery designed and built by Americans; frequently the suggestions leading to improvements have

come directly or indirectly from abroad. Only those processes in use in this country will be mentioned.

Transportation, unloading, and storage of beets.—The broad, level valleys of California permit the transportation of large loads of sugar beets in farm wagons. Loads exceeding 10 tons of beets have frequently been drawn to the factories, in farm wagons of special construction. Inquiry in California indicates that the average load is from 7 to 8 tons of beets. The average in the beet districts of other States is probably less than 2, and doubtless in frequent cases does not exceed 1 ton per load. The economy of labor in the transportation of beets in California is evident from these figures.

The labor employed in hauling a load of 8 tons is no greater than for a load of 1 ton, and, by the use of mechanical devices for unloading, the actual cost for labor of delivering 8 tons of beets upon the cars or in the bins is little greater than for the delivery of a single ton. It should be noted, however, that the conditions in California are quite different from those of other beet sugar producing States.

The dry weather that usually prevails there during the greater part of the manufacturing season contributes to the delivery of roots with but little adhering soil. This condition is favorable to the use of mechanical dumping devices that can not be used to advantage in many other sections of the country.

A dumping device much used in California is usually termed the "net method." A net is stretched over the bed of the wagon and the beets are loaded upon it. The load is drawn alongside the car or bin, to which one edge of the net is then attached; the entire load is now discharged at one time by drawing on the opposite edge of the net by means of horses or a motor. In some instances the net and contents are lifted bodily by a traveling crane and the load deposited where desired in the bin.

A patented apparatus in use at a western factory consists essentially of a counterpoised tilting table, upon which the loaded wagon of beets is clamped, and by a simple manipulation its contents are dumped into the bin.

A tilting table is used at certain factories in discharging beets from railway cars. One of these factories has a capacity for dumping three cars, and another for dumping five cars at a time. The tables are tilted by hydraulic power and the beets fall directly into the sluices and are flushed into the factory.

The California factories have a very large receiving capacity. One of them can receive 1,000 tons of beets per day, by wagon alone, if necessary. Outside of California, mechanical devices for unloading beets are little used.

Many years ago certain French factories began the use of pipe lines in the transfer of beet juice from auxiliary or rasping stations to the central factory. This method is still used in Europe at several factories, but is not widely employed.

The exceptionally favorable conditions for beet production in Utah have led the Utah Sugar Company to increase its manufacture by means of outlying stations, according to the French system, devised by Linard. The Utah Sugar Company operated one auxiliary plant last year, and is equipping a second for the present season's work. These auxiliary plants have a combined capacity of from 700 to 800 tons of beets per day. A third auxiliary plant is now being built by this

company for the crop of 1901-1902. The juice receives a part of its requirement of lime, and is then pumped approximately 20 miles through 5-inch pipe lines to the central factory. European experience has amply demonstrated that with proper precautions no loss of sugar need be feared in the use of pipe lines.

The construction of beet bins and sluices has been materially improved. The earlier bins were more or less experimental and of somewhat temporary construction. The modern factories now have substantial, well ventilated bins. In some instances the sluices are built of steel, which provides a very strong and convenient construction. In general, however, cement concrete is employed.

In those States where intense cold weather prevails during the greater part of the manufacturing season, the beet bins are constructed rather with a view to protecting the roots from thawing than for protection from frost. The experience of the American factories appears to have demonstrated that little loss of sugar is to be feared from the beets being frozen, but that, once frozen, every effort must be made to prevent thawing prior to manufacturing operations. In general, the bins are built of wood and wholly above ground. In cold climates the bins in which beets are to be stored but a few days are often left open at the sides, and in some instances are not even roofed.

The American methods of constructing beet bins are much simpler than those employed in Europe, where these necessary adjuncts frequently involve a large outlay of capital. It is undoubtedly true that our abundant supplies of lumber at moderate cost have had their influence on the design and construction of the bins.

Factory buildings.—The advance in the methods of constructing factory buildings is especially noticeable. In modern American factories heavy brick walls, with roof and floors of wood, are no longer seen. Light walls, steel posts and beams, and concrete floors are the rule. The machinery is entirely supported upon beams carried by posts, the walls serving only for protection from the weather. The absence of the heavy partition walls so common in European factories is noticeable.

In laying the floors, expanded metal, such as is frequently used instead of wooden lathing, is laid from beam to beam upon a temporary staging of lumber. The concrete, to a thickness of approximately 3 inches, is applied directly upon the metal. A floor of this class is not only fireproof, but is of great advantage in the event of leakage, or tanks overflowing.

The modern sugar factory building is fireproof, and as there is no inflammable material stored in it, the formerly heavy item of fire insurance is practically eliminated.

A very hopeful sign for the future of the American beet sugar industry is found in the evident belief on the part of the projectors of many of the factories, that the industry has long since passed the experimental stage. This is evidenced by the large, substantial buildings, and the arrangement of machinery so as to admit of readily enlarging the plant. With few exceptions, the factories built within the past 10 years have been designed with a view to doubling their capacity, 350 or 500 tons of beets having been considered an economical starting point. In figure 3, a factory is shown which was originally designed for a capacity of 1,000 tons, with space for doubling. It has since been enlarged to 2,000 tons capacity. In the interior view,

figure 4, the spaces provided for additional machinery may be noted in a similar, but smaller, factory by the same builders. Two of the old factories have been repeatedly enlarged, 2 factories have doubled, and 1 has nearly quadrupled its capacity. The beet sugar building of today is lofty, and is prepared for almost any emergency that may arise in the development of new processes and new machinery.

Experience has demonstrated that the greatest problems in the American beet sugar industry are to be found in the field rather than in the factory. It should not be assumed from this statement that suitable beets are difficult to grow in satisfactory quantities; the problem is to convince the farmer that with persistent effort and experience he will find sugar beets a surer and more profitable crop than many others.

Of the factories built in this country within the past few years, the most successful, mechanically considered, have been designed and built by Americans or by sugar engineers of foreign birth who have been long identified with the sugar industry in the United States.

In some instances, the experience of our manufacturers with foreign-built machinery has not been satisfactory. The American engineer has great aptitude in designing and placing machinery with a view to economy and to quality of product, and the American manufacturer demands that his factory shall include such conditions. He can unquestionably obtain these conditions at home and avoid the expensive experiences of certain factories.

This is not intended to be a sweeping condemnation of foreign-built factories, since we know there are builders in Europe as competent as any in the world. The writer's wish is simply to emphasize the fact that satisfactory machinery can be obtained in this country. The time has long since passed when it was necessary to go to Europe for sugar engineers or to find shops capable of designing or building beet sugar machinery. There is not a single item of sugar machinery that our shops can not build, of as effective design as the most approved from foreign sources.

The advance in the beet sugar industry in the past 10 years has been so great that we now have several large shops prepared to execute orders for complete plants. The illustrations, figures 3 and 5, of American built and equipped factories, as compared with the pioneer factory shown in Figure 1, are indicative of the great progress made in the beet sugar industry.

Automatic scales of German manufacture are employed in many factories in weighing the beets. The scales provide a valuable check on the weight of raw material entering the factory. Automatic scales of American manufacture are also being introduced, to some extent, in weighing the finished product.

There has been but little improvement during the past decade in the design of the diffusion battery. Some advance may be noted in the construction of details, such as latches, etc., and heating by means of steam injectors appears to be growing in favor. The long desired invention of a satisfactory continuous process of diffusion seems to be as far from attainment as ever.

For the removal of the pulp various devices are used. The usual method is to discharge the by-product from the elevators into dump cars, to be carried to the silos or storage pile. Some factories, finding no market for the pulp during the past season, flushed it from the

building with water, in one instance a distance of several miles, to the ocean. Aerial transportation of the pulp in cars suspended from a cable is practiced at several factories.

The systematic storage and care of pulp, so noticeable in Europe, is almost entirely lacking in this country. So far as the writer could learn, the return of a certain quantity of the pulp to the beet grower is stipulated in the contracts of only one company. This is a very popular form of contract abroad, and in many districts it is doubtful whether beets could be obtained without it.

Hon. James Wilson, Secretary of Agriculture, who has been consistently encouraging the beet sugar industry through his field agents and the publications of the Department, has wisely taken the ground that the most profitable expansion of the industry demands the utilization of the pulp in cattle feeding. He looks for the greatest advance to be made in those sections where the farmer can be made to appreciate the feeding value of this by-product.

In Europe kilns have been constructed and used to some extent for desiccating pulp. Kilns of American design are being constructed at several factories. These kilns will make it possible to ship dry pulp, over long distances if necessary, to points where it will find a market. The dried material contains about 10 per cent of water, and may be used as an absorbent for molasses or other liquid food. It is claimed that a ready market awaits this product both at home and abroad.

The carbonatation apparatus has been improved. A few factories employ modern tanks 18 to 20 feet in depth. The use of cotton-seed oil, which is displacing tallow in several factories for keeping down the foam in the carbonatation process, results in a considerable economy. Only one factory is equipped with the process of continuous carbonatation. Where all the factory conditions conduce to regularity of work, this process would probably prove a saving of labor.

Filtration plays an important part in the modern sugar factory. The juice and liquors are repeatedly filtered at the various stages of the manufacture. This demand for filtration led first to the invention of filter pockets, of which the formerly well-known Puvrez filter and filter pockets were forerunners, and from which the present mechanical filters were developed. The improvements in mechanical filtration has been limited to details of joints and fastenings.

Sand filters are being erected in one factory. A filter of the Denek type, but provided with a metal filtering surface, has been successfully employed as a depulper by the builder of two of the new factories. Two small filters of this type are sufficient for the removal of the fine pulp from the diffusion juice of 500 tons of beets a day.

A few years ago there was a tendency to increase the size of the filter presses, and a number of the so-called "monster" presses were built. These presses have apparently not proved as desirable in practice as was anticipated, and now few presses are built having a filtering area even as large as 1,000 square feet.

The improvement in the methods of removing the filter-press or lime-cake from the factory has been marked. This has been a very troublesome by-product with which to deal, especially in cold climates. The old method of discharging the lime-cake into cars is disappearing.

In a number of sugarhouses, located where the climate is mild, the lime-cake is discharged into a conveyor or drag, and is mechanically

removed from the building. Many factories in Nebraska and the States farther east discharge the lime-cake into a mixer, where it is beaten to a batter with waste water which is constantly flowing into the mixer. The thin batter overflows into a trough and is led to a settling pond. In a more recent construction the lime-cake batter is forced by a centrifugal pump through a 4-inch pipe, and deposited in the pond.

The settling pond is arranged to give the water a long travel with a slow current. By the time the water has reached the outlet it is reasonably clear. It is claimed that this water may be run into the rivers without perceptibly polluting them. One of the factories uses this method for the disposal of all its waste, including that from the Steffen saccharate process. In a few months after the close of the manufacturing season, the lime deposit dries, and may be removed from the bed of the pond with road scrapers.

With few exceptions the American factories manufacture only white granulated sugar of a very excellent quality. This sugar is manufactured without the use of boneblack, the bleaching of the juice being accomplished by sulphurous acid.

There has been no marked improvement in the apparatus for sulphuring the juice; the French and German types of sulphur stoves are used. In many factories the juice is treated with sulphurous acid in tanks somewhat similar to those employed in the carbonatation. In other factories a very rational continuous apparatus, built of wood, is used. This apparatus, when once regulated, is easily controlled without detailing a laborer specially for the purpose.

The Welner-Jelinck type and the ordinary vertical tube or "standard" multiple-effects are used for evaporating the juice by all but one of the factories. This latter factory uses an automatic multiple-effect, a recent American invention of the "film" type, but in which a copious circulation of the solution over the heating surfaces is maintained by mechanical means. This apparatus is widely used in the manufacture of cane sugar and in sugar refineries, but has not yet had an extended trial in the beet sugar industry.

Apparatus of the Welner-Jelinck type, with horizontal tubes of small diameter, is used by the majority of the factories. One factory is equipped with a quintuple-effect evaporator, and all the others have quadruple-effects.

The vacuum-pans employed are of the usual form, and show no material progress, either in shape or distribution of the heating surface, over those employed ten years ago.

The brasmoscope, a foreign invention, is used to some extent in controlling the boiling of the low products. This is an instrument which is attached to the vacuum-pan and enables a rapid estimate of the density of the massecuite to be made from temperature and pressure indications. By the use of this apparatus massecuites may be concentrated to a practically uniform density.

Probably the most important advance made in beet sugar methods in the past few years, as illustrated in American factories, is the process of "crystallization in movement." This process was invented in Germany. It consists in agitating the massecuite during the crystallization, and is usually applied in this country to the low products only. The apparatus consists of a large wrought-iron cylinder, fitted with a water jacket and agitators similar to those of a massecuite mixer. The

average capacity of the apparatus is approximately 35 tons of massecuite. As the name of the process implies, the massecuite is agitated and the crystals are kept in motion during the crystallization, thus constantly bringing their surfaces into contact with fresh portions of the sugar solution, and promoting a rapid increase in size. The massecuite is systematically cooled during the progress of the crystallization, thus forcing the sugar out of solution. A small centrifugal is employed in many factories to determine the most economical point at which to discontinue the operation.

This process has facilitated the management of the low products and reduced the time required for the crystallization to four or five days, instead of the several weeks formerly required. The crystallization in movement has proven an economy of labor. It also permits systematic control of the crystallization of the sugar.

Vacuum crystallizers are being installed in a factory now building. The most approved centrifugals for drying sugar are of American invention. American types of centrifugals are used wherever sugar is manufactured.

The only recent improvement in these machines worthy of special note is the water-driven centrifugal. A water motor is coupled directly to the spindle of the machine, and does away with belting and shafting. This device not only promotes the safety of the workmen, but renders each machine entirely independent of the others, and obviates the delays incident to belts and pulleys. A factory now building will be supplied with water-driven centrifugals.

Molasses processes.—But two molasses processes are now in use in American factories, namely, the Steffen separation process and the osmose process. The former is a saccharate process, employing quicklime in an impalpable powder as a precipitant of the sugar; the latter, as its name implies, depends upon dialysis. Both processes are of foreign origin and have been in use many years.

A factory built for the crop of 1900 by E. H. Dyer & Co., at Fremont, Ohio, is equipped with a lead saccharate process, a German invention. In this process the molasses is mixed with caustic potash and lead carbonate. The nascent oxide of lead formed combines with the sugar, forming a saccharate of lead, which is collected and washed in a filter-press, then suspended in water and decomposed with carbonic acid; pure sugar is thus liberated, and the carbonate of lead precipitated is used in the treatment of a subsequent lot of molasses. The mother liquor which flows from the filter-presses is treated for the recovery of potash, soda, and other by-products.

Should this process prove satisfactory in the practical test of manufacture, it will enable the factory to utilize every by-product of the beet in the manufacture of readily salable material.

The development of molasses processes is well shown in table 12, which presents the statistics of the German sugar industry, compiled by Ernst Glanz. Data prior to 1886 are omitted.

TABLE 12.—Quantities of molasses treated in Germany by various processes for the extraction of the sugar.

Crop.	Osmose process.	Elution process.	Steffen's separation process.	Strontium process.	All other processes.	Total quantity of molasses treated.
	Tons.	Tons.	Tons.	Tons.	Tons.	Tons.
1886-87	7,315	93,569	35,537	104,104	14,400	254,945
1887-88	92,460	97,115	43,878	117,549	15,083	266,085
1888-89	51,698	73,339	34,762	121,366	11,022	292,577
1889-90	46,579	79,345	40,273	118,489	6,906	282,591
1890-91	73,209	70,735	50,960	121,530	10,048	235,502
1891-92	57,496	60,332	50,725	124,420	5,132	238,106
1892-93	25,614	44,897	49,336	127,130	4,628	251,605
1893-94	19,462	22,842	28,938	157,628	2,806	231,676
1894-95	15,883	28,111	34,293	184,431	.....	262,718
1895-96	24,601	24,019	31,425	214,632	.....	294,677
1896-97	10,966	21,135	32,403	255,830	2,041	322,375
1897-98	7,297	10,240	27,230	260,225	1,816	306,507
1898-99	4,842	3,698	20,616	249,307	2,265	280,128

An examination of these German statistics¹ indicates that the strontium process leads all others, both in the amount of sugar recovered and in the rate of increase in its application. In 1890 approximately 36 per cent of the sugar recovered by all molasses processes was obtained by the use of strontia. The per cent of increase has been rapid, and in 1899 nearly 90 per cent of the sugar recovered was obtained by this process.

The osmose and elution processes have rapidly decreased in the extent of their application, until at the present time they are little used, as is indicated by the statistical table.

The yield of sugar by the separation process (Steffen) reached its maximum in 1890. The output of sugar by this process decreased 35 per cent from 1890 to 1892, and has reached the production of 1892 but once since. The sugar yielded by this process is more than double the quantity by all other processes except the strontium. There is little probability of the extensive application of the strontium process in the United States, unless large deposits of suitable strontium-bearing minerals be discovered.

It is noticeable in these German statistics that the quantity of molasses treated by the various saccharate and other processes has varied within narrow limits during the past 15 years. The quantity consumed in alcohol manufacture has varied more; but in 15 years it has not exceeded 105,000 tons yearly, and in 1898 was only 51,666 tons, a figure approaching the average of several years.

The quantity exported has ranged as high as 111,000 tons, while in 1898 it was only 7,234 tons. The quantity of molasses not accounted for in molasses processes, distillation, and export, in 1898 reached the enormous quantity of 138,816 tons. The disposal of this molasses, with profit to the manufacturer, is a great problem. Some of it is fed to cattle, but the amount so used is only a small part of the surplus of this by-product. These are interesting figures, in view of the large production of molasses in our factories and the enormous losses incurred through the necessity of running much of the molasses prod-

¹ "Zeitschrift des Vereins für die Rübenzucker-Industrie des Deutschen Reichs." Supplement to the number for March, 1900. Translated and weights converted into tons of 2,000 pounds.

uct into the rivers. These figures are of value also in exhibiting the relative extent of the application of the various molasses processes.

Marked improvements have been made in laboratory methods and polariscopic instruments. The most progressive factories are using direct methods of analysis of the beets in control work and in fixing the purchase price of the beets. A few factories still adhere to the indirect method of analysis of beets, i. e., analysis of the juice, and conversion to terms of the weight of the beet by the use of an arbitrary factor. It is a fact well known to analysts that the proportion of juice in the beets is a very variable quantity, and that the use of an arbitrary factor introduces errors in the estimate of the sugar content. For this reason certain establishments have been in the habit of varying the factor from time to time, as in their judgment, based on tests, the beets varied in juice content. This has led to dissatisfaction on the part of the farmers. These factories, if they continue to purchase beets on test, will be compelled to keep pace with improvements in analytical methods, and purchase on the basis of the percentage of sugar in the beet as determined directly and without the arbitrary assumption of factors for conversion.

The direct methods of beet analysis have been so greatly simplified in the past few years that it is now possible to make a large number of tests with great accuracy and little labor. A notable improvement in polariscopes, conducive to accuracy and ease of manipulation, is in the addition of a pair of prisms which give a triple instead of a double field. This device enables a prompt and accurate adjustment to the neutral point to be made. Other improvements, aside from accuracy of adjustments of the various parts of the instrument, relate to the better protection of the optical parts from climatic influences, dust, and insects.

The improvements in mills and rasps for pulping the beet for analytical purposes have been numerous, as have also those in the other laboratory accessories. All the American factories have well equipped laboratories and are more or less under chemical control.

Summary and conclusion.—The statistics of the beet sugar industry show that, after many years of manufacture on a small scale, it has assumed large proportions, and in the census year more than one-third of the domestic sugar product was obtained from the beet. This quantity of sugar, 70 per cent of which was suitable for immediate consumption, was produced in a year of extremely unfavorable agricultural conditions in the beet districts. The yield of beets per acre was less than half that of an average season. The factories could readily manufacture more than two and one-half times the quantity of sugar produced, if supplied with sufficient raw material.

The progress of the industry can not be measured by the returns of previous censuses, since beet sugar has been separately reported but once, by the census of 1880, and at that time the total capital invested in 4 establishments would not equip a modern factory of average capacity.

The schedules show that but 1 factory obtained sufficient beets, and that many were operated but a small fraction of their capacity. The average quantity of beets worked per factory was 26,489 short tons, and the average nominal capacity of the factories, based upon only 100 days' work, is more than 60,000 tons. The average length of the working season in the various States is not known, but for the

United States it is probably nearer 140 days than 100 days. Notwithstanding the very adverse agricultural conditions which resulted in the small supply of raw material, the value of the products was larger than the expenditures. A number of factories earned a fair return on their investments, others paid expenses, and several lost heavily. The statistics demonstrate that beet sugar manufacture is a commercial success in the United States.

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